Volume III.

(TESTIMONY.)

71922

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1911.

No. 451.

THE INTERSTATE COMMERCE COMMISSION, APPELLANT,

vs.

UNION PACIFIC RAILROAD COMPANY ET AL.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE DISTRICT OF MINNESOTA.

FILED NOVEMBER 30, 1910.

IN THE

Circuit Court of the United States.

FOR THE DISTRICT OF MINNESOTA,

THIRD DIVISION.

UNION PACIFIC RAILROAD CO., Oregon Short Line Railroad Co., Oregon Railroad and Navigation Co., Southern Pacific Co., Northern Pacific Railway Co., Great Northern Railway Co., Chicago, Burlington and Quincy Railroad Co., and Oregon and California Railroad Company, Complainants,

v.

THE INTERSTATE COMMERCE COMMISSION, Defendant.

In Equity. No. 883.

NORTHERN PACIFIC RAILWAY CO., Great Northern Railway Co., Chicago, Burlington and Quincy Railroad Co., Union Pacific Railroad Co., Oregon Short Line Railroad Co., and Oregon Railroad and Navigation Company, Complainants,

v.

THE INTERSTATE COMMERCE COMMISSION, Defendant.

In Equity. No. 884.

GREAT NORTHERN RAILWAY CO., Northern Pacific Railway Co., Chicago, Burlington and Quincy Railroad Co., Union Pacific Railroad Co., Oregon Short Line Railroad Co., Oregon Railroad and Navigation Co., and Southern Pacific Co., Complainants,

v.

THE INTERSTATE COMMERCE COMMISSION, Defendant.

In Equity. No. 885.

HON. FREDERICK N. DICKSON, Master.

TRANSCRIPT OF RECORD.

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IN THE

Circuit Court of the United States.

FOR THE DISTRICT OF MINNESOTA,
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UNION PACIFIC RAILROAD COMPANY, Oregon Short Line Railroad Company, Oregon Railroad and Navigation Company, Southern Pacific Company, Northern Pacific Railway Company, Great Northern Railway Company, Chicago, Burlington and Quincy Railroad Company, and Oregon and California Railroad Company, Complainants, v. THE INTERSTATE COMMERCE COMMISSION, Defendant.	In Equity. No. 883.
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STIPULATION.

"In addition to the stipulation entered into at St. Paul con-

cerning the printing of the record in the cases before the Interstate Commerce Commission the following supplementary agreement subject to the objections heretofore made as to the admissibility of testimony, is hereby entered into between counsel for the respective parties, as follows, to-wit:

1. The printed abstract of the oral testimony fairly presents the substance of all that character of testimony offered before the Interstate Commerce Commission on the hearing before it of these cases, and the printed abstract fairly presents the selected exhibits or the substance thereof presented to said Commission on said hearing.

2. The other exhibits presented on the hearing aforesaid or reports and documents on file with the Commission or referred to on the hearing before said Commission in said cases may be considered by the master and used by either party hereto on the hearing before him without the printing thereof.

3. Either of the parties hereto may print and file with the master or the court such portions thereof as counsel may deem material, but if the same be not printed for the hearing before the master no rights to use the same as evidence or rights to print the same for the use of the court thereafter are waived.

F. C. DILLARD,
CHAS. DONNELLY,
HALE HOLDEN,
Solicitors for Complainants.

LUTHER M. WALTER,
JOSEPH N. TEAL,
WILLIAM A. WIMBISH,
Solicitors for Defendant."

December 4, 1909.

ABSTRACT OF EVIDENCE TAKEN BEFORE INTERSTATE COMMERCE COMMISSION IN DOCKET

No. 1327.

Oregon & Washington Lumber Manufacturers' Association *et al.*

vs.

Union Pacific Railroad Company *et al.*

No. 1329.

Pacific Coast Lumber Manufacturers' Association *et al.*

vs.

Northern Pacific Railway Company *et al.*

No. 1335.

Southwest Washington Lumber Manufacturers' Association

vs.

Northern Pacific Railway Company *et al.*

No. 1348.

Potlatch Lumber Company *et al.*

vs.

Northern Pacific Railway Company *et al.*

EVIDENCE FOR COMPLAINANTS.

LEW ANDERSON:

I reside in the City of Portland, Oregon; have been engaged in railroad work for the past 23 years. Engaged largely in traffic work, the handling of rates and divisions for ten or twelve years.

I prepared this map for the use of the Commission. The statements on the bottom relate to the various groupings under the lumber tariff to Denver, Salt Lake City, Kansas City, Omaha, Chicago, St. Paul and St. Louis under the old and the new bases. The statement in black shows the distance from Portland to the points which I just mentioned, with the rate in cents per hundred, and in mills per ton per mile, on both the old and the new basis. The green has reference to

the 40 cent territory under the old cancelled tariff, and the black figures thereon show the old rate; and the red figures show the new rate; the 40 cent basis being divided up under the new tariff.

There is a series of figures along here that show a gradual raise of rates along the Northern Pacific. As far back as 1889 we had a 40 cent rate on fir lumber from Portland into the Denver territory. I have a table showing a history of those rates.

(Table received in evidence marked "Anderson Exhibit 1," record page 55.)

ANDERSON EX. 1.

History of Fir Lumber Rate.

Colorado and Missouri River Points.

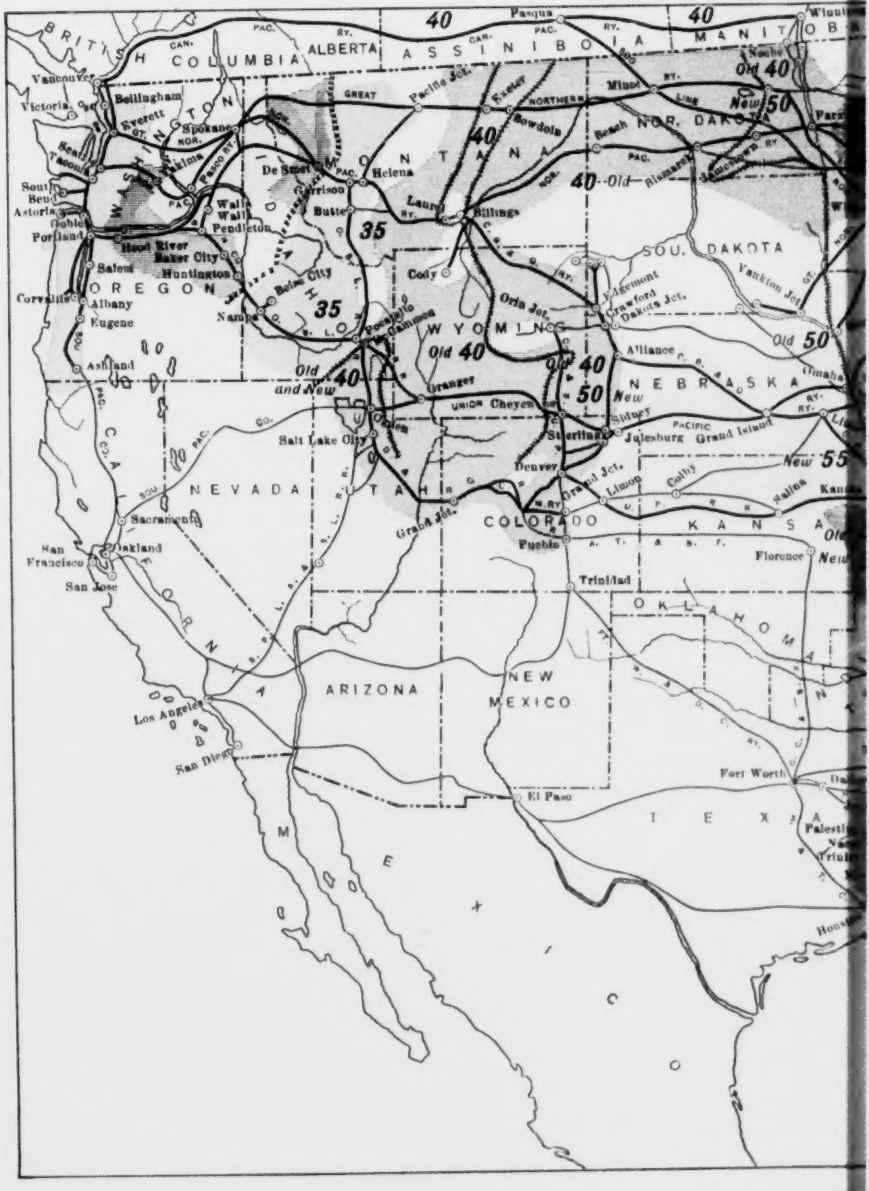
As far back as February 8, 1889, there was a 40 cent rate in effect from Portland, East Portland and Albina to Denver, Colorado, Pueblo, Colorado, and points on the Union Pacific west thereof and intermediate thereto. This rate continued throughout the year 1889, but was withdrawn at the beginning of the year 1890 and did not go into effect again until December 10, 1892, since which time it has been in effect.

A 45 cent rate was installed in April, 1893, between Portland, East Portland and Albina and Omaha, Nebraska, as well as the stations on the main line of the Union Pacific in Nebraska. The application of the rate was broadened in December, 1894, making it apply from Spokane and various points in the State of Washington, as well as from Portland, East Portland, and Albina. This application and rate remained in effect until April, 1901, or for a period of eight years. It was superseded by a 50 cent rate, which has remained in effect until the cancellation of Tariff I. C. C. 564 on November 1, 1907.

The carload minimum rates in 1889 were 20,000 pounds. In December, 1892, these minimums were raised on fir lumber from 20,000 pounds to 24,000 pounds and in March, 1897, they were put on the following basis:

Cars 30 ft. or less, 20,000 pounds;
Over 30 ft. to and including 34 ft., 24,000 pounds;
Over 34 ft., 30,000 pounds.

In October, 1902, by Supplement 8 to O. R. & N. Tariff 158


BRITISH COLUMBIA
ALBERTA
ASSINIBOIA
MANITOBA
WASHINGTON
OREGON
MONTANA
NORTH DAKOTA
SOUTH DAKOTA
WYOMING
NEBRASKA
NEVADA
UTAH
COLORADO
KANSAS
OKLAHOMA
ARIZONA
NEW MEXICO
TEXAS
Vancouver
Victoria
Bellingham
Everett
Spokane
Seattle
Tacoma
Yakima
Portland
Salem
Albany
Eugene
Corvallis
Astoria
Hood River
Baker City
Huntington
Pendleton
Wall Walla
Baker City
Nampa
Boise
Ashland
Klamath Falls
Sacramento
San Francisco
Oakland
San Jose
Los Angeles
San Diego
Salt Lake City
Ogden
Provo
Green River
Granger
Cheyenne
Denver
Grand Jct.
Pueblo
Trinidad
Colby
Limon
Sidney
Alliance
Julesburg
Grand Island
Omaha
Florence
Fort Worth
El Paso
Houston
Palestine
Trinity
Helena
Butte
Missoula
Bozeman
Billings
Laurel
Miles City
Glendive
Bismarck
Minot
Devils Lake
Fargo
Grand Forks
Pasqua
Moosejaw
Regina
Brandon
Winnipeg
Portal
Noonan
Dickinson
Mandan
Valley City
Jamestown
Aberdeen
Watertown
Huron
Yankton
Sioux City
Sioux Falls
Pierre
Rapid City
Deadwood
Lead
Hot Springs
Edgemont
Crawford
Dakota Jct.
Orin Jct.
Cody
Casper
Rawlins
Laramie
Cheyenne
Greeley
Fort Collins
Boulder
Colorado Springs
Pueblo
Canon City
Leadville
Glenwood Springs
Grand Jct.
Montrose
Durango
Salina
Kansas City
Topeka
Wichita
Hutchinson
Dodge City
Garden City
Liberal
Amarillo
Childress
Wichita Falls
Abilene
Waco
Austin
Houston
Galveston
Dallas
Fort Worth
Denison
Sherman
Texarkana
Shreveport
Monroe
Vicksburg
Jackson
New Orleans
Baton Rouge
Lake Charles
Beaumont
Port Arthur
Corpus Christi
Brownsville
Laredo
San Antonio
Del Rio
Eagle Pass
Presidio
Marfa
Alpine
Pecos
Big Spring
Sweetwater
Abilene
Temple
Bryan
Navasota
Hearne
Palestine
Tyler
Longview
Marshall
Texarkana
Hope
Little Rock
Pine Bluff
Memphis
Jonesboro
Blytheville
Paragould
Cairo
Poplar Bluff
Cape Girardeau
St. Louis
Alton
Springfield
Joplin
Kansas City
St. Joseph
Atchison
Leavenworth
Lincoln
Hastings
Kearney
North Platte
Grand Island
Omaha
Council Bluffs
Sioux City
Fremont
Norfolk
Wayne
Sioux Falls
Mitchell
Chamberlain
Pierre
Huron
Aberdeen
Watertown
Sisseton
Wahpeton
Fargo
Grand Forks
Devils Lake
Minot
Williston
Glendive
Miles City
Billings
Bozeman
Butte
Helena
Missoula
Kalispell
Great Falls
Havre
Shelby
Cut Bank
Conrad
Chester
Scobey
Wolf Point
Glasgow
Malta
Harlem
Fort Benton
Lewistown
Winnett
Roundup
Forsyth
Hysham
Custer
Hardin
Crow Agency
Lodge Grass
Sheridan
Buffalo
Gillette
Moorcroft
Newcastle
Hot Springs
Edgemont
Crawford
Dakota Jct.
Orin Jct.
Cody
Casper
Rawlins
Laramie
Cheyenne
Greeley
Fort Collins
Boulder
Colorado Springs
Pueblo
Canon City
Leadville
Glenwood Springs
Grand Jct.
Montrose
Durango
Salina
Kansas City
Topeka
Wichita
Hutchinson
Dodge City
Garden City
Liberal
Amarillo
Childress
Wichita Falls
Abilene
Waco
Austin
Houston
Galveston
Dallas
Fort Worth
Denison
Sherman
Texarkana
Shreveport
Monroe
Vicksburg
Jackson
New Orleans
Baton Rouge
Lake Charles
Beaumont
Port Arthur
Corpus Christi
Brownsville
Laredo
San Antonio
Del Rio
Eagle Pass
Presidio
Marfa
Alpine
Pecos
Big Spring
Sweetwater
Abilene
Temple
Bryan
Navasota
Hearne
Palestine
Tyler
Longview
Marshall
Texarkana
Hope
Little Rock
Pine Bluff
Memphis
Jonesboro
Blytheville
Paragould
Cairo
Poplar Bluff
Cape Girardeau
St. Louis
Alton
Springfield
Joplin
Kansas City
St. Joseph
Atchison
Leavenworth
Lincoln
Hastings
Kearney
North Platte
Grand Island
Omaha
Council Bluffs
Sioux City
Fremont
Norfolk
Wayne
Sioux Falls
Mitchell
Chamberlain
Pierre
Huron
Aberdeen
Watertown
Sisseton
Wahpeton
Fargo
Grand Forks
Devils Lake
Minot
Williston
Glendive
Miles City
Billings
Bozeman
Butte
Helena
Missoula
Kalispell
Great Falls
Havre
Shelby
Cut Bank
Conrad
Chester
Scobey
Wolf Point
Glasgow
Malta
Harlem
Fort Benton
Lewistown
Winnett
Roundup
Forsyth
Hysham
Custer
Hardin
Crow Agency
Lodge Grass
Sheridan
Buffalo
Gillette
Moorcroft
Newcastle
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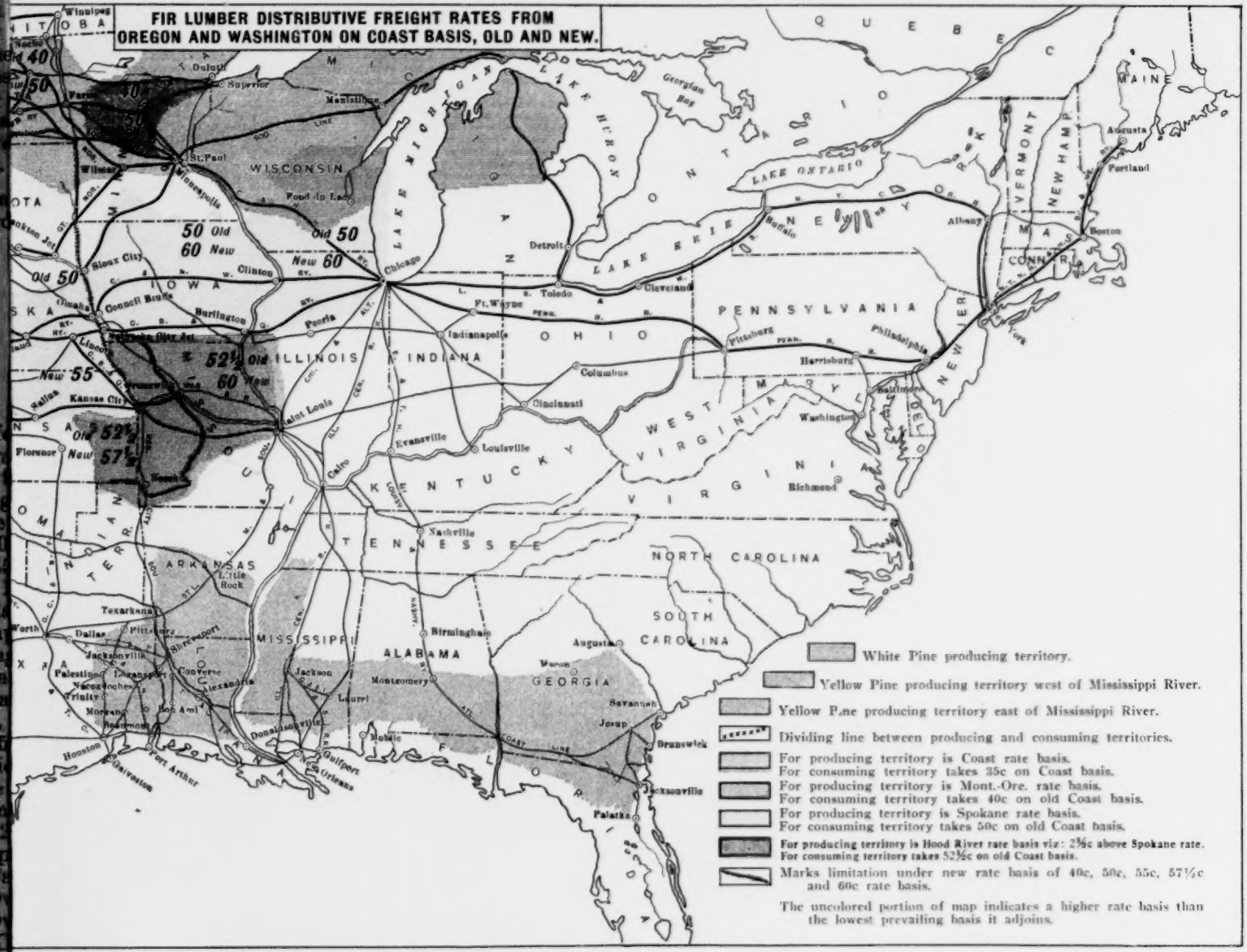
55
Old 40
New 50
Old 50
New 55
Old and New 40
Old 40
New 50
Old 40
New 50
Old 40
New 50

MAP OF THE UNITED STATES.

& Washington Lumber Manufacturers' Association et al. vs Union Pacific Railroad Company et al.



COMPARATIVE LUMBER RATE SHOWING DISTANCES.

	Miles	Rate	Mills
From Portland to Omaha, Nebraska	1799	Old 50	5.56
		New 55	6.11
" " Kansas City, Mo.	2030	Old 50	4.92
		New 55	5.42
" " Chicago, Illinois	2202	Old 50	4.36
		New 60	5.24
From Portland to St. Louis, Mo.	2403	Old 52½	4.37
		New 60	4.99
From Vancouver, B. C., to Winnipeg, Man.			
Via Canadian Pacific	1482	Old and New 40	5.40
Via Great Northern	1730	Old and New 40	4.62

U. P.-I. C. C. No. 554, minimums on fir lumber were changed to read as follows:

Cars 30 ft. or under in length, 30,000 lbs.;
Over 30 ft. to and including 34 ft., 30,000 lbs.;
Over 34 ft. to and including 36 ft., 40,000 lbs.;
Over 36 ft., 40,000 lbs.;

Flat cars when loaded to full capacity actual weight, weight will govern, but not less than 20,000 pounds on cars 30 feet or under; 24,000 pounds on cars exceeding 30 ft. in length.

Effective July 5-25-1903, Tariff O. R. & N. 5-112, I. C. C. 771. The minimums were again changed as follows:

Cars 36 ft. and less, 30,000 lbs.;
Cars over 30 ft., 40,000 lbs.;

On July 10th, 1904, under Supplement No. 8, it was as follows:

Box car shipments:
Cars 36 ft. or less, 30,000 lbs.;
Cars over 36 ft., 34,000 lbs.
Flat car shipments:
Under 36 ft., 30,000 lbs.;
36 ft. or over, 40,000 lbs.;

This basis, substantially, remained in effect until a year and a half ago, when it was changed to a cubical capacity basis with minimums ranging from 30,000 to 60,000 pounds per car, while on flat car shipments the minimum was made 60,000 pounds on cars of marked capacity of 60,000 pounds and in the case of a marked capacity which was less the minimum would be 5 per cent. less than the marked capacity. Cubical capacity basis is in vogue at present time.

STATEMENT.

O. R. & N. Tariff No. 304-I. C. C. Freight Tariff File No. 653½, effective Dec. 6, 1888, shows rate on fir lumber from Portland, East Portland, Bridal Veil, Hood River and Intermediate points to Cheyenne, Denver and Colorado common points, 50 cents per hundred.

Supplement One to this same Tariff, effective February 8, 1889, put in a 40 cent rate from Portland, East Portland and Albina, to Denver, Colorado common points and points intermediate thereto.

This tariff was cancelled by O. R. & N. G. F. D. No. 142 I. C. C. Freight Tariff File No. 645, effective May 20, 1889, which named a rate of 50 cents between Portland, East Portland

and Albina and Cheyenne, Denver and Colorado common points.

However, Supplement One was immediately issued, effective same date as Tariff, naming a rate of 40 cents.

Tariff O. R. & N., G. F. D. No. 211, I. C. C. Freight Tariff File No. 736, cancelling O. R. & N., G. F. D. No. 142, effective October 7, 1889, and continued the application of the 40 cent rate.

Union Pacific System Tariff U. P. No. P-185, I. C. C. File No. 5003-1/2, effective July 15th, 1890, carried a rate of 50 cents to Denver and common points, and also a rate of 55 cents to Omaha, Council Bluffs and Kansas City.

This tariff was cancelled by Union Pacific System Tariff U. P. No. P-311, I. C. C. Freight Tariff File 5403, effective February 10, 1891, which continued the application of the 50 and 55 cent rate.

Union Pacific System Tariff U. P. No. P-398, I. C. C. File No. 5951, effective May 26, 1891, superseded I. C. C. File No. 5403, and carried the 50 and 55 cent rates, the same as in the preceding tariff.

This same application of 50 and 55 cent rate continued along through the following tariffs:

U. P., G. F. O. 40, I. C. C. Freight Tariff File No. 6037 superseding U. P., G. F. O. P-398, I. C. C. File No. 5951, effective June 6, 1891.

U. P., G. F. O. 330, I. C. C. Freight Tariff File No. 6802, supersedes U. P., G. F. O. 40, I. C. C. Freight Tariff File No. 6037, effective September 27, 1891.

U. P., G. F. O. 403, I. C. C. Freight Tariff File No. 6880 supersedes G. P. F. O. No. 330, I. C. C. Freight Tariff File No. 6802, effective September 17, 1891.

U. P., G. F. O. 549, I. C. C. Freight Tariff File No. 7006, supersedes U. P., G. F. O. 403, I C. C. Freight Tariff File No 6880, effective December 14, 1891.

U. P., G. F. O. 1355, I. C. C. Freight Tariff File No. 8014, supersedes U. P., G. F. O. 549, I. C. C. Freight Tariff File No. 7006, effective December 10, 1892.

This last mentioned tariff installs a rate of 40 cents which applied on lumber in box cars from Portland, East Portland and Bridal Veil, to stations in Colorado, Pueblo and north.

U. P., G. F. O. 1658, I. C. C. Freight Tariff File No. 8331 supersedes U. P., G. F. O. 1355, I. C. C. Freight Tariff File No. 8014, effective April 27, 1893.

This tariff continues the application of the 40 cent rate to

Pueblo, Colorado, and points north thereof, and is a maximum to intermediate points on a direct line between Ogden and Granger, and installs a 45 cent rate to Council Bluffs and Omaha, and all stations on main line of the Union Pacific Railway in Nebraska, and 50 cents to Kansas City, Leavenworth and all stations on Union Pacific Railway in Kansas.

U. P., G. F. O. No. 1658, I. C. C. Freight Tariff File No. 853, supersedes U. P., G. F. O. 1355, I. C. C. Freight Tariff File No. 8014, effective April 27, 1893.

U. P., G. F. O. 3078, I. C. C. Freight Tariff File No. 853, supersedes U. P., G. F. O. 1658, I. C. C. Freight Tariff File No. 9892, effective December 17, 1894, and continues the application of the 40 cent and 45 cent rate extending the forwarding territory through to Spokane, Connell, and various other points on the O. R. & N. Company's line in Washington. It also puts in a 48 cent rate from these points to branch line points in Nebraska and continues the 50 cent rate to stations in Kansas.

O. R. & N. Tariff 14, U. P. I. C. C. 47, supersedes I. C. C. Freight Tariff File No. 853, effective March 24, 1896, and continues the application of the 40 and 45 and 50 cent rates.

O. R. & N. Tariff 82 U. P. I. C. C. No. 198, supersedes O. R. & N. Tariff No. 14, U. P. I. C. C. 47, effective March 8, 1887, and continues with the application of the 40 and 45 and 50 cent rates.

O. R. & N. Tariff No. 158, U. P. I. C. C. 554, supersedes O. R. & N. 82, U. P. I. C. C. 198, effective April 15, 1901, and continues the application of the 40 cent rate, but raises the rate of Omaha and Nebraska main line points to 50 cents, the same as to Kansas stations.

O. R. & N. Tariff No. "J" 112, I. C. C. No. 771, superseded O. R. & N. 158 U. P. I. C. C. No. 554, and continued application of 50 cent rate to Missouri river, Nebraska and Kansas points, and was superseded on same basis by Trans-continental issue S. R. 662, I. C. C. 564.

O. R. & N. Tariff I. C. C. No. 698 superseded O. R. & N. I. C. C. 554 as to Colorado points, and, with its superseding issues continues application of 40 cent rate to Denver and Colorado common points until cancellation of T. C. B., I. C. C. 564 by I. C. C. 850, effective November 1st, 1907.

Under Supplement Two, effective August 24, 1901, O. R. & N. Tariff No. 158-I. C. C. No. 554, Southern Pacific Company's lines in Oregon and Corvallis and Eastern, with exception of Mohawk branch of Southern Pacific from Mohawk Junction to Wendling, Oregon, inclusive, were made parties to tariff to

all points on basis of Portland rate, and continues Portland basis to the present day. Prior to 1901 it may have been carried in separate issue, as was the Missouri river common points, Mississippi river common points and Chicago and common points.

Astoria and Columbia river common points have enjoyed 40 cent rate to St. Paul and Northern Pacific Railway eastern terminal since as far back as 1899 under Northern Pacific I. C. C. A-1097.

I will say that since April, 1893, a 45 cent rate on lumber was in existence from Portland to Omaha, on main line points on the Union Pacific in Nebraska. That rate remained in until 1901, when it was raised to 50 cents. It applied to Portland and points up as far as Pendleton, and during part of the period it applied to Spokane. Portland was the western limit; and the 40 cent rate from Portland to St. Paul, since 1893, and from Portland to Denver; practically 1899, and even at that time, in 1896, there was a 27½ cent rate into Salt Lake City.

At that time the rate from points west of Portland and in Washington and Oregon to Omaha would be the added locals; the local to Portland plus 45 cents from Portland. The rate previous to the recent advance has been a blanket rate from all producing points, or 50 cents to Omaha. So that the total rate from producing points on the Portland to Omaha shipments must have been higher before than after the 50 cent rate was put into effect.

There is a great deal of lumber produced east of Portland up along the O. R. & N. line in the coast basis territory, and also in the Montana-Oregon territory. I regard a blanket rate as the fairer rate from all producing points, all coast points, as against a Portland rate, with the added local from producing point.

(Anderson Exhibit No. 2 received in evidence; record page 60.)

ANDERSON EXHIBIT 2.

EXHIBIT A.

OLD RATES AND NEW OR ADVANCED RATES FROM PORTLAND, ORE., AND OTHER NORTHWEST PACIFIC COAST POINTS IN OREGON, TAKING SAME RATE WHEN HANDLED BY NORTHERN PACIFIC R. R. AND CONNECTIONS.

COMMODITY GROUPINGS.	RATES IN CENTS PER 100 POUNDS.													
	Salt Lake City, Utah, and Common points.		Denver, Colo., and Common points.		St. Paul, Minn., and Common points.		Omaha, Neb., and common points.		Kansas City, Mo., and Common points.		St. Louis, Mo., and Common points.		Chicago, Ill., and Common points.	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Group A, Shingles	50	60	60	60	50	60	60	65	60	65	62½	70	60	70
Group B, Cedar Lumber	50	55	50	60	50	60	60	65	60	65	62½	70	60	70
Group C, Pine, Fir, Hemlock, Larch and Spruce Lumber	45	45	40	50	40	50	50	55	50	55	52½	60	50	60
Group D, Long Timbers, etc., requiring two or more cars for transportation	50	55	50	60	50	60	60	65	60	65	62½	70	60	70

EXHIBIT B.

OLD RATES AND NEW OR ADVANCED RATES FROM PORTLAND, ORE., CASCADE LOCKS, ORE., AND OTHER NORTHWEST PACIFIC COAST POINTS ON LINE OF NORTHERN PACIFIC RAILWAY AND ON LINE OF O. R. & N. CO. TAKING SAME RATES.

COMMODITY GROUPINGS.	RATES IN CENTS PER 100 POUNDS.													
	Salt Lake City, Utah, and Common points.		Denver, Colo., and Common points.		St. Paul, Minn., and Common points.		Omaha, Neb., and Common points.		Kansas City, Mo., and Common points.		St. Louis, Mo., and Common points.		Chicago, Ill., and Common points.	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Group A, Shingles.....	40	50	50	60	.....	60	60	65	60	65	62½	70	60	70
Group B, Cedar Lumber.....	40	50	50	60	.....	60	60	65	60	65	62½	70	60	70
Group C, Pine, Fir, Hemlock, Larch and Spruce Lumber, etc.	40	40	40	50	.....	50	50	55	50	55	52½	60	50	60
Group D, Long Timbers, etc., requiring two or more cars for transportation.....	40	50	50	60	.....	60	60	65	60	65	62½	70	60	70

EXHIBIT C.

OLD RATES AND NEW OR ADVANCED RATES FROM WYETH, ORE., HOOD RIVER, ORE., AND OTHER POINTS IN OREGON ON LINES OF O. R. & N. CO., TAKING SAME RATES.

COMMODITY GROUPINGS.	RATES IN CENTS PER 100 POUNDS.													
	Salt Lake City, Utah and Common points.		Denver, Colo., and Common points.		St. Paul, Minn., and Common points.		Omaha, Neb., and common points.		Kansas City, Mo., and Common points.		St. Louis, Mo., and Common points.		Chicago, Ill., and Common points.	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Group A, Shingles	40	50	50	57½	.....	57½	60	62½	60	62½	62½	67½	60	67½
Group B, Cedar Lumber	40	47½	40	52½	.....	52½	50	57½	50	57½	57½	62½	55	62½
Group C, Pine, Fir, Hemlock, Larch and Spruce Lumber, etc.	40	40	40	47½	.....	47½	45	52½	50	52½	52½	57½	50	57½
Group D, Long Timbers, etc., requiring two or more cars for transportation	40	50	45	57½	.....	57½	55	62½	55	62½	57½	67½	55	67½

EXHIBIT D.

OLD RATES AND NEW OR ADVANCED RATES FROM PENDLETON, ORE., AND OTHER POINTS TAKING SAME RATE BASIS.

COMMODITY GROUPINGS.	RATES IN CENTS PER 100 POUNDS.													
	Salt Lake City, Utah, and Common points.		Denver, Colo., and Common points.		St. Paul, Minn., and Common points.		Omaha, Neb., and Common points.		Kansas City, Mo., and Common points.		St. Louis, Mo., and Common points.		Chicago, Ill., and Common points.	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Group A, Shingles	40	50	50	55	50	55	60	60	60	60	62½	65	60	65
Group B, Cedar Lumber	40	45	40	50	50	50	50	55	50	55	57½	60	55	60
Group C, Pine, Fir, Hemlock, Larch and Spruce Lumber, etc.	40	40	40	45	40	45	45	50	50	50	52½	55	50	55
Group D, Long Timbers, etc., requiring two or more cars for transportation	40	50	45	55	50	55	55	60	55	60	57½	65	55	65

EXHIBIT E.

OLD RATES AND NEW OR ADVANCED RATES, FROM ELGIN, ORE., LA GRANDE, ORE., BAKER CITY, ORE., AND OTHER POINTS TAKING SAME RATE BASIS.

COMMODITY GROUPINGS.	RATES IN CENTS PER 100 POUNDS.													
	Salt Lake City, Utah and Common points.		Denver, Colo., and Common points.		St. Paul, Minn., and Common points.		Omaha, Neb., and common points.		Kansas City, Mo., and Common points.		St. Louis, Mo., and Common points.		Chicago, Ill., and Common points.	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Group A, Shingles	30	40	50	50	50	53	60	53	60	53	62½	62½	60	63
Group B, Cedar Lumber	30	35	35	45	45	48	45	48	45	48	54½	57½	55	58
Group C, Pine, Fir, Hemlock, Larch and Spruce Lumber, etc.	30	30	35	40	40	43	40	43	40	43	49½	52½	50	53
Group D, Long Timbers, etc., requiring two or more cars for transportation	30	40	40	50	45	53	55	53	55	53	57½	62½	55	63

EXHIBIT F.

OLD RATES AND NEW OR ADVANCED RATES FROM POINTS IN OREGON ON ASTORIA & COLUMBIA RIVER R. R., AND SOUTHERN PACIFIC CO.'S LINES (INCLUDING JEFFERSON ST. STATION, PORTLAND) WHICH TAKE THE SAME RATE BASIS, WHEN ROUTED VIA PORTLAND, OREGON.

COMMODITY GROUPINGS.	RATES IN CENTS PER 100 POUNDS.													
	Salt Lake City, Utah, and Common points.		Denver, Colo., and Common points.		St. Paul, Minn., and Common points.		Omaha, Neb., and Common points.		Kansas City, Mo., and Common points.		St. Louis, Mo., and Common points.		Chicago, Ill., and Common points.	
	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New	Old	New
Group A, Shingles	45	50	55	60	.....	.....	60	65	60	65	62½	70	60	70
Group B, Cedar Lumber	40	50	50	60	.....	.....	60	65	60	65	62½	70	60	70
Group C, Pine, Fir, Hemlock, Larch and Spruce Lumber, etc.	40	40	40	50	.....	.....	50	55	50	55	52½	60	50	60
Group D, Long Timbers, etc., requiring two or more cars for transportation	40	50	50	60	.....	.....	60	65	60	65	62½	70	60	70

This paper shows the rate on the various groupings in the old and the new lumber tariff, from Portland and other north Pacific coast points to Salt Lake, Denver, St. Paul, Omaha, Kansas City, St. Louis, Chicago and points common with those. Also from Hood River points to Montana-Oregon rate basing points; the Willamette Valley and the Astoria and Columbia River basing points to the various territories that I mention. It is simply a comparison between the rates before and the present rate.

(Anderson Exhibit 3, received in evidence, record page 60.)

ANDERSON EX. 3.

From Pacific Coast points within the States of Oregon and Washington, taking coast rate basis, viz.: points on Astoria & Columbia River Railroad, Northern Pacific Railway, Southern Pacific Company lines both east and west side division north of, and including Ashland, and points on the O. R. & N. Company rail lines west of, and including Cascade Locks, Oregon, and water lines reaching points on either the Washington or Oregon side of the Columbia river and also Willamette river points.

To Chicago and Mississippi river common points on shingles, an advance of 10c per 100 pounds, former rate 60c, 61c, 62c, 63c. Advance rate 70c, 71c, 72c, 73c.

To Chicago and Mississippi river common points on lumber and other forest products an advance of 10c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Cedar lumber	60	70
Fir, hemlock, larch, spruce, etc.	50	60
Long timbers requiring two or more cars	60	70

To St. Louis and common points on lumber, shingles and other forest products, an advance of 7½c per 100 pounds, as follows:

	FORMER RATE	ADVANCED RATE
Shingles	62½	70
Cedar lumber	62½	70
Fir, hemlock, larch, spruce, etc.	52½	60
Long timbers requiring two or more cars	62½	70

To Western Missouri and Southeastern Kansas and common points, on lumber, shingles, and other forest products, an advance of 5c per 100 pounds, as follows:

	FORMER RATE	ADVANCED RATE
Shingles	62½	67½
Cedar lumber	62½	67½
Fir, hemlock, larch, spruce, etc.	52½	57½
Long timbers requiring two or more cars	62½	67½

To Missouri river common points on lumber, shingles and other forest products, an advance of 5c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	60	65
Cedar lumber	60	65
Fir, hemlock, larch, spruce, etc.	50	55
Long timbers requiring two or more cars	60	65

To Denver, Colorado, Cheyenne, Wyoming, Alliance, Nebraska, and common points on shingles, an advance of 5c from Astoria & Columbia River Railroad, O. R. & N. Company water lines, and Southern Pacific Company points as described in Paragraph 1, former rate 55c, advanced rate 60c, and on lumber and other forest products an advance of 10c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Cedar lumber	50	60
Pine lumber	40	50
Fir, hemlock, larch, spruce, etc.	40	50
Long timbers requiring two or more cars	50	60

To the above named points from other Pacific Coast points as designated in Paragraph 1 on lumber, shingles and other forest products an advance of 10c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	50	60
Cedar lumber	50	60
Pine lumber	40	50
Fir, hemlock, larch, spruce, etc.	40	50
Long timbers requiring two or more cars	50	60

To Salt Lake City, Utah, and common points from O. R. & N. Company water lines, Astoria & Columbia River Railroad and Southern Pacific Company points in Oregon on lumber, shingles, and other forest products, an advance of 5, 10 and 15c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	45	55
Cedar lumber	40	55
Pine lumber	40	45
Fir, hemlock, larch, spruce, etc.	40	45
Long timbers requiring two or more cars	40	55

To Salt Lake City, Utah, and common points from Northern Pacific Railway and O. R. & N. Company, Pacific Coast points as described in Paragraph 1, an advance of 10c per 100 pounds on lumber, shingles and other forest products as follows:

	FORMER RATE	ADVANCED RATE
Shingles	40	50
Cedar lumber	40	50
Long timbers requiring two or more cars	40	50

To St. Paul, Duluth, Minnesota, Fargo, North Dakota and common points from points on the Astoria and Columbia River Railroad, Northern Pacific Railway, O. R. & N. Company's lines as described in Paragraph 1, on lumber, shingles and other forest products, an advance of 10c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	50	60
Fir lumber	40	50
Long timbers requiring two or more cars	50	60

From northwest Pacific Coast points on O. R. & N. Company's lines in Oregon, from Wyeth to The Dalles, inclusive.

To Chicago and Mississippi river common points on lumber, shingles and other forest products, an advance of 7½c and 12½c as follows:

	FORMER RATE	ADVANCED RATE
Shingles	60	67½
Cedar lumber	55	62½
Pine lumber	50	57½
Fir, hemlock, larch, spruce, etc.	50	57½
Long timbers requiring two or more cars	55	67½

To St. Louis and common points on lumber, shingles and other forest products, an advance of 5 and 10c per 100 pounds follows:

	FORMER RATE	ADVANCED RATE
Shingles	62½	67½
Cedar lumber	57½	62½
Pine lumber	52½	57½
Fir, hemlock, larch, spruce, etc.	52½	57½
Long timbers requiring two or more cars	57½	67½

To Western Missouri and Southeastern Kansas common points on lumber, shingles and other products an advance of 2½ and 7½c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	62½	65
Cedar lumber	52½	60
Pine, fir, hemlock, larch, spruce, etc.	52½	55
Long timbers requiring two or more cars	57½	65

To Omaha, Nebraska, and other points taking a rate common therewith on lumber and shingles, and other forest products, an advance of 2½c and 7½ per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	60	62½
Cedar lumber	50	57½
Pine lumber, hemlock, larch, spruce, etc.	45	52½
Long timbers requiring two or more cars	55	62½

To Kansas City, Missouri, and other points taking a rate common thereon on lumber, shingles and other forest products, an advance of 2½c and 7½c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	60	62½
Cedar lumber	50	57½
Pine, fir, hemlock, larch, spruce, etc.	50	52½
Long timbers requiring two or more cars	55	62½

To Denver, Colorado, and Cheyenne, Wyoming, and points common therewith on lumber, shingles and other forest products, an advance of 7½ and 12½c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	50	57½
Cedar lumber	40	52½
Pine, fir, hemlock, larch, spruce, etc.	40	47½
Long timbers requiring two or more cars	45	57½

To Salt Lake City, Utah, and common points on lumber, shingles and forest products, an advance of 2½ and 12½c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	40	52½
Cedar lumber	40	47½
Pine, fir, hemlock, larch, spruce, etc.	40	42½
Long timbers requiring two or more cars	40	52½

From northwest Pacific Coast points on O. R. & N. Company's lines in Oregon, taking Spokane rate basis.

To Chicago and Mississippi river common points on lumber, shingles and other forest products, an advance of 5c and 10c substantially as follows:

	FORMER RATE	ADVANCED RATE
Shingles	60	65
Cedar lumber	55	60
Pine lumber	50	55
Fir, hemlock, larch, spruce, etc.	50	55
Long timbers requiring two or more cars	55	65

To St. Louis, and common points on lumber, shingles and other forest products, an advance of 2½ and 7½c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	62½	65
Cedar lumber	57½	60
Pine lumber	52½	55
Fir, hemlock, larch, spruce, etc.	52½	55
Long timbers requiring two or more cars	57½	65

To Western Missouri and Southeastern Kansas common points on lumber, shingles and other forest products an advance of 2½ and 7c per 100 pounds, substantially as follows:

	FORMER RATE	ADVANCED RATE
Shingles	62½	64½
Cedar lumber	52½	59½
Pine, fir, hemlock, larch, spruce, etc.	52½	54½
Long timbers requiring two or more cars	57½	64½

To Omaha, Nebraska, and other points taking a rate common therewith on lumber and other forest products, an advance of 5c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Cedar lumber	50	55
Pine, hemlock, larch, spruce, etc.	45	50
Long timbers requiring two or more cars	55	60

To Kansas City, Missouri, and other points taking a rate common therewith on lumber, and other forest products, an advance of 5c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Cedar lumber	50	55
Long timbers requiring two or more cars	55	60

To Denver, Colorado, and Cheyenne, Wyoming, and points common therewith on lumber, shingles and other forest products, an advance of 5c and 10c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	50	55
Cedar lumber	40	50
Pine, fir, hemlock, larch, spruce, etc.	40	45
Long timbers requiring two or more cars	45	55

To Salt Lake City, Utah, and common points on lumber, shingles and forest products, an advance of 2½ and 12½c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	40	50
Cedar lumber	40	45
Long timbers requiring two or more cars	40	50

From northwest Pacific Coast points on line of O. R. & N. Company in Oregon taking what is known as the Montana-Oregon rate basis to Chicago and Mississippi river common points on lumber, shingles and other forest products an advance of 3c and 8c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	60	63
Cedar lumber	55	58
Pine lumber	50	53
Fir, hemlock, larch, spruce, etc.	50	53
Long timbers requiring two or more cars	55	63

To St. Louis and common points on lumber and other forest products an advance of 3c and 5c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Cedar lumber	54½	57½
Pine, fir, hemlock, spruce, etc.	49½	52½
Long timbers requiring two or more cars	57½	62½

To Missouri river and common points on lumber and other forest products an advance of 3c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Cedar lumber	45	48
Pine, fir, hemlock, larch, spruce, etc.	40	43

To Denver, Colorado; Cheyenne, Wyoming, and common points on lumber and other forest products an advance of 5 and 10c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Cedar lumber	35	45
Pine, fir, hemlock, larch, spruce, etc.	35	40
Long timbers requiring two or more cars	40	50

To Salt Lake City, Utah, and common points on lumber, shingles and other forest products, an advance of 5 and 10c per 100 pounds as follows:

	FORMER RATE	ADVANCED RATE
Shingles	30	40
Cedar lumber	30	35
Long timbers requiring two or more cars	30	40

In addition to showing what is in the other table this Exhibit shows the advance in cents per hundred pounds to the various territories in more detailed form, taking a principal point, such as Denver, Chicago, St. Louis, St. Paul and Omaha, as illustrative.

(Anderson Exhibit 4 received in evidence, record page 61.)

ANDERSON EXHIBIT 4.

COMPARATIVE STATEMENT.

O. R. & N. Coast Basis.

Showing rates on fir lumber in cents per 100 lbs. and in mills per ton per mile from Portland, Troutdale, Bridal-Veil, and Cascade Locks, Oregon, four principal shipping points on main line of O. R. & N. Co. within the territory taking what is known as "Coast Rates" (Cascade Locks is extreme eastern limit of said territory and Portland extreme western limit as far as O. R. & N. Co. stations are concerned) to fifteen principal points on O. S. L. R. R. and twenty principal points on U. P. R. R., to and including Omaha, Neb. Also Orin Junction on Colorado & Southern; Denver, Colorado, via Granger and Ogden Gateways, and Omaha via various Colorado Gateways. Basis of comparison is East Bound Lumber Tariff S. R. 662, I. C. C. No. 564, effective 4/15/05 and S. R. 963, I. C. C. No. 850, effective 11/1/07. Mileages are taken from July, 1907, number of Official Railway Guide, published by National Railway Publishing Co., 24 Park Place, New York.

Statement is arranged so as to show a principal point in each territory taking a higher rate than the territory just preceding it.

COAST RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile.	
	427	Portland.....	31	.01452	30	.01405	De. .00047
	409	Troutdale.....		.01516		.01467	De. .00049
Weiser,	399	Bridal Veil....		.01554		.01504	De. .00050
Idaho.....	382	Cascade Locks		.01623		.01571	De. .00052
	404	Average.....		.01535		.01485	De. .00050
	440	Portland.....	34	.01545	32	.01455	De. .00090
	422	Troutdale.....		.01611		.01517	De. .00094
Payette,	412	Bridal Veil....		.01650		.01553	De. .00097
Idaho.....	395	Cascade Locks		.01722		.01620	De. .00102
	417	Average.....		.01631		.01535	De. .00096
	451	Portland.....	35	.01552	33	.01463	De. .00089
	433	Troutdale.....		.01617		.01524	De. .00093
Arcadia,	423	Bridal Veil....		.01655		.01560	De. .00095
Ore.....	406	Cascade Locks		.01724		.01626	De. .00098
	428	Average.....		.01636		.01542	De. .00094
	462	Portland.....	35	.01515	34	.01472	De. .00043
	444	Troutdale.....		.01577		.01532	De. .00045
	434	Bridal Veil....		.01613		.01567	De. .00046
Parma, Idaho	417	Cascade Locks.		.01679		.01631	De. .00048
	439	Average.....		.01595		.01549	De. .00046
	623	Portland.....	35	.01124	35	.01124	
	605	Troutdale.....		.01157		.01157	
Shoshone,	595	Bridal Veil....		.01176		.01176	No
Idaho.....	578	Cascade Locks.		.01211		.01211	Change.
	600	Average.....		.01167		.01167	

COAST RATE BASIS.

Stations To	Dist. In Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
Minidoka, Idaho.....	672	Portland.....	35	.01043	35	.01042	No Change.
	654	Troutdale.....		.01070		.01070	
	644	Bridal Veil....		.01087		.01087	
	627	Cascade Locks.		.01116		.01116	
	649	Average.....		.01079		.01079	
Pocatello, Idaho.....	731	Portland.....	35	.00958	35	.00958	No Change.
	713	Troutdale.....		.00982		.00982	
	703	Bridal Veil....		.00996		.00996	
	686	Cascade Locks.		.01020		.01020	
	708	Average.....		.00989		.00989	
McCammon, Idaho.....	754	Portland.....	40	.01061	40	.01061	No Change
	736	Troutdale.....		.01087		.01087	
	726	Bridal Veil....		.01102		.01102	
	709	Cascade Locks.		.01128		.01128	
	731	Average.....		.01094		.01094	
Salt Lake City, Utah	902	Portland.....	40	.00887	40	.00887	No Change
	884	Troutdale.....		.00905		.00905	
	874	Bridal Veil....		.00915		.00915	
	857	Cascade Locks.		.00933		.00933	
	879	Average.....		.00910		.00910	
Bancroft, Idaho.....	783	Portland.....	40	.01022	40	.01022	No Change
	765	Troutdale.....		.01046		.01046	
	755	Bridal Veil....		.01060		.01060	
	738	Cascade Locks.		.01084		.01084	
	760	Average.....		.01053		.01053	

COAST RATE BASIS.

Stations To	Dist. In Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile.	In cts. per 100 lbs.	In mills per ton per mile.	
	799	Portland.....	40	.01001	41	.01026	In. .00025
	781	Troutdale.....		.01024		.01050	In. .00026
Soda Spgs.,	771	Bridal Veil....		.01038		.01064	In. .00026
Idaho.....	754	Cascade Locks.		.01061		.01088	In. .00027
	776	Average.....		.01031		.01057	In. .00026
	862	Portland.....	40	.00928	42	.00974	In. .00046
	844	Troutdale.....		.00948		.00995	In. .00047
Cokeville,	834	Bridal Veil....		.00959		.01007	In. .00048
Wyo.....	817	Cascade Locks.		.00979		.01028	In. .00049
	839	Average.....		.00954		.01001	In. .00047
	905	Portland.....	40	.00884	43	.00950	In. .00066
	887	Troutdale.....		.00902		.00970	In. .00068
Kemmerer,	877	Bridal Veil....		.00912		.00981	In. .00069
Wyo.....	860	Cascade Locks.		.00930		.01000	In. .00070
	882	Average.....		.00907		.00975	In. .00068
	920	Portland.....	40	.00870	44	.00957	In. .00087
	902	Troutdale		.00887		.00976	In. .00089
Opal, Wyo...	892	Bridal Veil....		.00897		.00987	In. .00090
	875	Cascade Locks.		.00914		.01006	In. .00092
	897	Average.....		.00892		.00981	In. .00089
	945	Portland.....	40	.00847	45	.00952	In. .00105
	927	Troutdale.....		.00863		.00971	In. .00108
Granger,	917	Bridal Veil....		.00872		.00981	In. .00109
Wyo.....	900	Cascade Locks.		.00889		.01000	In. .00111
	922	Average.....		.00868		.00976	In. .00108

COAST RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile.	
	975	Portland.....	40	.00821	45	.00923	In. .00102
	957	Troutdale.....		.00836		.00940	In. .00104
Green River,	947	Bridal Veil....		.00845		.00950	In. .00108
Wyo.....	930	Cascade Locks.		.00860		.00968	In. .00108
	952	Average.....		.00840		.00945	In. .00105
	990	Portland.....	40	.00808	46	.00929	In. .00121
	972	Troutdale.....		.00823		.00946	In. .00123
Rock Spgs.,	962	Bridal Veil....		.00832		.00956	In. .00124
Wyo.....	945	Cascade Locks.		.00847		.00974	In. .00127
	967	Average.....		.00827		.00951	In. .00124
	1109	Portland.....	40	.00721	47	.00848	In. .00127
	1091	Troutdale.....		.00733		.00862	In. .00129
Rawlins,	1081	Bridal Veil....		.00740		.00869	In. .00129
Wyo.....	1064	Cascade Locks		.00752		.00883	In. .00131
	1086	Average.....		.00737		.00866	In. .00129
	1226	Portland.....	40	.00653	49	.00799	In. .00146
	1208	Troutdale.....		.00662		.00811	In. .00149
Laramie,	1198	Bridal Veil....		.00667		.00818	In. .00151
Wyo.....	1181	Cascade Locks.		.00818		.00830	In. .00153
	1203	Average.....		.00665		.00815	In. .00150
	1235	Portland.....	40	.00648	50	.00810	In. .00162
	1217	Troutdale.....		.00657		.00822	In. .00165
Red Buttes,	1207	Bridal Veil....		.00663		.00829	In. .00166
Wyo.....	1190	Cascade Locks.		.00672		.00840	In. .00168
	1212	Average.....		.00660		.00825	In. .00165

COAST RATE BASIS.

Stations To	Dist. In Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
Cheyenne, Wyo.....	1283	Portland.....	40	.00624	50	.00779	In. .00155
	1265	Troutdale.....		.00632		.00781	In. .00159
	1255	Bridal Veil....		.00637		.00797	In. .00160
	1238	Cascade Locks.		.00646		.00808	In. .00162
	1260	Average.....		.00635		.00794	In. .00159
Orin Jct. (Proper) Wyo.....	1437	Portland.....	48	.00668	59	.00807	In. .00139
	1419	Troutdale.....		.00677		.00817	In. .00140
	1409	Bridal Veil....		.00681		.00823	In. .00142
	1392	Cascade Locks.		.00690		.00833	In. .00143
	1414	Average.....		.00679		.00820	In. .00141
Orin Jct., Wyo. When destined beyond.....	1437	Portland.....	40	.00557	50	.00696	In. .00139
	1419	Troutdale.....		.00564		.00705	In. .00141
	1409	Bridal Veil....		.00568		.00710	In. .00142
	1392	Cascade Locks.		.00575		.00718	In. .00143
	1414	Average.....		.00566		.00707	In. .00141
Denver, Colo., Via Granger, & U. P...	1390	Portland.....	40	.00576	50	.00719	In. .00143
	1372	Troutdale.....		.00583		.00728	In. .00145
	1362	Bridal Veil....		.00587		.00734	In. .00147
	1345	Cascade Locks.		.00595		.00743	In. .00148
	1367	Average.....		.00585		.00732	In. .00147
Via Salt Lake D.& R.G.,Gr. Jct.,Col.Mid., Col.Spgs.,C.& & S.....	1572	Portland.....	40	.00509	50	.00636	In. .00127
	1554	Troutdale.....		.00515		.00644	In. .00129
	1544	Bridal Veil....		.00518		.00648	In. .00130
	1527	Cascade Locks.		.00524		.00655	In. .00131
	1549	Average.....		.00516		.00646	In. .00130

COAST RATE BASIS.

Stations To	Dist. In Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile.	In cts. per 100 lbs.	In mills per ton per mile.	
Via Salt Lake D.& R.G.	1644	Portland	40	.00487	50	.00608	In. .00121
	1626	Troutdale		.00492		.00615	In. .00123
	1616	Bridal Veil		.00495		.00618	In. .00123
	1599	Cascade Locks.		.00500		.00625	In. .00125
	1621	Average		.00494		.00617	In. .00123
Sidney, Neb.	1385	Portland	40	.00578	50	.00722	In. .00144
	1367	Troutdale		.00585		.00732	In. .00147
	1357	Bridal Veil		.00590		.00737	In. .00147
	1340	Cascade Locks.		.00597		.00746	In. .00149
	1362	Average		.00587		.00734	In. .00147
Colton, Neb.	1391	Portland	42	.00604	51	.00733	In. .00129
	1373	Troutdale		.00612		.00743	In. .00131
	1363	Bridal Veil		.00616		.00748	In. .00132
	1346	Cascade Locks.		.00624		.00758	In. .00134
	1368	Average		.00614		.00745	In. .00131
Lodge Pole, Neb	1403	Portland	45	.00641	53	.00756	In. .00115
	1385	Troutdale		.00650		.00765	In. .00115
	1375	Bridal Veil		.00655		.00771	In. .00116
	1358	Cascade Locks.		.00663		.00781	In. .00118
	1380	Average		.00652		.00768	In. .00116
Perdue, Neb	1407	Portland	46	.00654	54	.00768	In. .00114
	1389	Troutdale		.00662		.00778	In. .00116
	1379	Bridal Veil		.00667		.00783	In. .00116
	1362	Cascade Locks.		.00675		.00793	In. .00118
	1384	Average		.00665		.00780	In. .00115

COAST RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile.	
	1412	Portland.....	47	.00666	55	.00779	In. .00113
	1394	Troutdale.....		.00672		.00789	In. .00117
Chappell,	1384	Bridal Veil....		.00679		.00795	In. .00116
Neb.....	1367	Cascade Locks.		.00688		.00805	In. .00117
	1389	Average.....		.00677		.00792	In. .00115
	1427	Portland.....	48	.00673	55	.00771	In. .00098
	1409	Troutdale.....		.00681		.00781	In. .00100
Julesburg,	1399	Bridal Veil....		.00686		.00786	In. .00100
Colo.....	1382	Cascade Locks.		.00695		.00796	In. .00101
	1404	Average.....		.00684		.00783	In. .00099
	1438	Portland.....	48	.00668	55	.00765	In. .00097
	1420	Troutdale.....		.00676		.00775	In. .00099
Big Spgs.,	1410	Bridal Veil....		.00681		.00780	In. .00099
Neb.....	1393	Cascade Locks.		.00689		.00789	In. .00100
	1415	Average.....		.00678		.00777	In. .00099
	1443	Portland.....	49	.00679	55	.00762	In. .00083
	1425	Troutdale.....		.00687		.00772	In. .00085
Megeath,	1415	Bridal Veil....		.00693		.00777	In. .00084
Neb.....	1398	Cascade Locks.		.00701		.00787	In. .00086
	1420	Average.....		.00690		.00775	In. .00085
	1449	Portland.....	50	.00691	55	.00759	In. .00068
	1431	Troutdale.....		.00699		.00769	In. .00070
	1421	Bridal Veil....		.00704		.00774	In. .00070
Brule, Neb...	1404	Cascade Locks.		.00712		.00783	In. .00071
	1426	Average.....		.00701		.00771	In. .00070

COAST RATE BASIS.

Stations To	Dist. In Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
North Platte, Neb.	1508	Portland	50	.00663	55	.00729	In. .00066
	1490	Troutdale		.00671		.00738	In. .00067
	1480	Bridal Veil		.00676		.00743	In. .00067
	1463	Cascade Locks.		.00684		.00752	In. .00068
	1485	Average		.00674		.00741	In. .00067
Kearney, Neb.	1603	Portland	50	.00624	55	.00686	In. .00062
	1585	Troutdale		.00631		.00694	In. .00063
	1575	Bridal Veil		.00636		.00698	In. .00062
	1558	Cascade Locks.		.00645		.00706	In. .00061
	1580	Average		.00633		.00696	In. .00063
Grand Island, Neb.	1645	Portland	50	.00608	55	.00669	In. .00061
	1627	Troutdale		.00615		.00676	In. .00061
	1617	Bridal Veil		.00618		.00680	In. .00062
	1600	Cascade Locks.		.00625		.00688	In. .00063
	1622	Average		.00616		.00678	In. .00062
Columbus, Neb.	1708	Portland	50	.00585	55	.00644	In. .00059
	1690	Troutdale		.00592		.00651	In. .00059
	1680	Bridal Veil		.00595		.00655	In. .00060
	1663	Cascade Locks.		.00601		.00661	In. .00060
	1685	Average		.00593		.00653	In. .00060
Omaha, Neb. Via Granger & U. P.	1799	Portland	50	.00556	55	.00611	In. .00055
	1781	Troutdale		.00561		.00618	In. .00057
	1771	Bridal Veil		.00565		.00621	In. .00056
	1754	Cascade Locks.		.00570		.00627	In. .00057
	1776	Average		.00563		.00619	In. .00056

COAST RATE BASIS.

Stations To	Dist. In Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile.	In cts. per 100 lbs.	In mills per ton per mile.	
Via Salt Lake,	2213	Portland.....	50	.00452	55	.00497	In. .00045
D.& R.G.,	2195	Troutdale.....		.00456		.00501	In. .00045
Denver and	2185	Bridal Veil....		.00458		.00504	In. .00046
U. P.....	2168	Cascade Locks.		.00461		.00570	In. .00046
	2190	Average.....		.00457		.00502	In. .00045
Via Salt Lake,	2141	Portland.....	50	.00467	55	.00514	In. .00047
D.& R.G.,	2123	Troutdale.....		.00471		.00518	In. .00047
Gr. Jct.,	2113	Bridal Veil....		.00473		.00521	In. .00048
Col. Mid.,	2096	Cascade Locks.		.00477		.00525	In. .00048
Col. Spgs..	2118	Average.....		.00472		.00519	In. .00047
Via Granger,	1795	Portland.....	50	.00557	55	.00613	In. .00056
U. P., Fre-	1777	Troutdale.....		.00563		.00619	In. .00056
mont and	1767	Bridal Veil....		.00566		.00623	In. .00057
C.& N.W...	1750	Cascade Locks.		.00571		.00629	In. .00058
	1772	Average.....		.00564		.00621	In. .00057
Via Salt Lake,	2138	Portland.....	50	.00468	55	.00514	In. .00046
D.& R.G.,	2120	Troutdale.....		.00472		.00519	In. .00047
Colo.Spgs.,	2110	Bridal Veil....		.00474		.00521	In. .00047
C.R.I.& P.	2093	Cascade Locks.		.00478		.00526	In. .00048
	2115	Average.....		.00473		.00520	In. .00048
Via Salt Lake,	2067	Portland.....	50	.00484	55	.00532	In. .00048
D.& R.G.,	2049	Troutdale.....		.00488		.00537	In. .00049
Gr. Jct.,	2039	Bridal Veil....		.00490		.00539	In. .00049
Col. Mid.,	2022	Cascade Locks.		.00495		.00544	In. .00049
Col. Spgs., C.R.I.& P.	2044	Average.....		.00489		.00538	In. .00049

This is a comparative statement of the rates on fir lumber, Portland, Troutdale, Bridal Veil, Cascade Locks to various points on the Oregon Short Line and Union Pacific as far east as Omaha, showing the rates in cents per hundred, and in mills per ton per mile, the old and the new compared. All of these statements were prepared from old tariff, I. C. C. 564, and the new one, I. C. C. 850. In the case of comparisons with any other roads, I got some of the rates from tariffs received from the Soo Line, and from the Port Arthur, Kansas City Southern, Texas Pacific, and also the Southern Railway. They were existing tariffs now in effect. From the Canadian Pacific as well. I prepared those all myself.

(Anderson Exhibit 5, received in evidence, record page 62.)

ANDERSON EXHIBIT No. 5.

Comparative Statement O. R. & N. Coast Basis.

Showing rates on Fir Lumber in cents per 100 lbs. and in mills per ton per mile from Portland, Oregon, to Chicago, Illinois, via all the various routings.

Basis of comparison is East Bound Lumber Tariff S. R. 662, I. C. C. No. 564, effective April 15, 1905, and S. R. 963, I. C. C. 850, effective Nov. 1, 1907.

Mileages are taken from July, 1907, Number of Official Railway Guide, published by National Ry. Publishing Company, 24 Park Place, New York.

Distance in Miles FROM Portland	Jcts.	TO CHICAGO	Rates on Fir Lumber Old	New	Diff.
		A. T. & S. F. Ry.			
458			50c.	60c.	10c.
		No. 586.			
	458	Via Kansas City.			
2488		15 Via Granger, U. P.	.00402	.00482	.00080
2484		26 Via Granger, U. P., Pullman, C. R. I. & P.	.00402	.00483	.00081
2742		27 Via Salt Lake, D. & R. G., Denver, U. P.	.00365	.00438	.00073
2651		27 Via Salt Lake, D. & R. G., Colo. Spgs., C. R. I. & P.	.00377	.00452	.00075
2670		27 Via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid., Denver, U. P.	.00375	.00449	.00074
2580		27 Via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid., Colo. Spgs., C. R. I. & P.	.00388	.00465	.00077
		Chicago & Alton R. R.			
		No. 731.			
	489	Via Kansas City.			
2615		10 Via N. P., Billings, C. B. & Q.	.....	.00458	.....
2519		15 Via Granger, U. P.	.....	.00476	.....
2515		26 Via Granger, U. P., Pullman, C. R. I. & P.	.....	.00477	.....
2773		27 Via Salt Lake, D. & R. G., Denver, U. P.	.....	.00433	.....

Distance in Miles FROM Portland	Distance in Miles FROM Jcts.	TO CHICAGO	Rates on Fir Lumber Old	New	Diff.
		CHICAGO & ALTON R. R.—Cont'd.	50c.	60c.	10c.
2701		27 Via Salt Lake, D. & R. G., Grand Jct., Colo. Mid., Denver, U. P..	.....	.00444	.....
2682		27 Via Salt Lake, D. & R. G., Colo. Spgs., C. R. I. & P.....	.....	.00447	.....
2611		27 Via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid., Colo. Springs, C. R. I. & P.....	.....	.00459	.....
		CHICAGO & NORTH WESTERN RY.			
		Via Minnesota Transfer.			
	421	8 Via Northern Pacific.....	.00406	.00487	.00081
2463	2042	12 A. Via O. R. & N., Spokane.....	.....	.00531	.....
	421	S. & I. Ry., Kingsgate, B. C.....			
	141	C. P. Ry., Portal, N. D.....			
2259	726	M. St. P. & S. St. M. Ry.....			
	550				
	493	Via Council Bluffs, Iowa.			
		No. 921			
2292		15 Via Granger, U. P.....	.00436	.00524	.00088
2463	580	26 Via Granger, U. P., Pullman, C. R. I. & P.....	.00406	.00487	.00081
2706		27 Via Salt Lake, D. & R. G., Denver, U. P.....	.00370	.00443	.00073
2634		27 Via Salt Lake, D. & R. G., Grand Jct., Colo. Mid., Denver, U. P..	.00380	.00456	.00076
2621		27 Via Salt Lake, D. & R. G., Colo. Spgs., C. R. I. & P.....	.00382	.00458	.00076
2560		27 Via Salt Lake, D. & R. G., Grand Jct., Colo. Mid., Colo. Spgs., C. R. I. & P.....	.00391	.00469	.00078
		CHICAGO, BURLINGTON & QUINCY R. R.			
		No. 2418.			
	442	Via Minnesota Transfer.			
2484	2042	8 Via Northern Pacific.....	.00402	.00483	.00081

Distance in Miles FROM Portland	Distance in Miles FROM Jcts.	TO CHICAGO	Rates on Fir Lumber Old	New	Diff.
		CHICAGO, BURLINGTON & QUINCY R. R.—Cont'd.	50c.	60c.	10c.
2280	1838	12 A. Via O. R. & N., Spokane..... S. & I. Ry., Kingsgate, B. C..... C. P. Ry., Portal, N. D..... M. St. P. & St. M. Ry.....	.....	.00526	.....
	486	Via Council Bluffs, Iowa.			
2295		15 Via Granger, U. P.....	.00436	.00523	.00087
2466		26 Via Granger, U. P., Pullman, C. R. I. & P.....	.00406	.00487	.00081
		CHICAGO GREAT WESTERN RY.			
		No. 3266.			
	430	Via Minnesota Transfer.			
2472	2042	8 Via Northern Pacific.....	.00405	.00485	.00080
2268	1838	12 A. Via O. R. & N., Spokane..... S. & I. Ry., Kingsgate, B. C..... C. P. Ry., Portal, N. D..... M. St. P. & St. M. Ry.....	.....	.00529	.....
	597	Via Kansas City, Mo.			
2763	902	16 Via Salt Lake, D. & R. G.....	.00361	.00434	.00073
	624				
	640	Pueblo, M. Pac. Ry.....			
2778	902	16 Via Salt Lake, D. & R. G.....			
	639	Grand Jct., Colo. Mid.....			
	640	Pueblo, M. Pac. Ry.....	.00360	.00432	.00072
	503	Via Council Bluffs, Iowa.			
2302	1799	15 Via Granger, U. P.....	.00434	.00521	.00087
2472	1969	26 Via Granger, U. P., Pullman, C. R. I. & P.....	.00405	.00485	.00080
2716	2213	27 Via Salt Lake, D. & R. G., Denver, U. P.....	.00368	.00442	.00074
2644	2141	27 Via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid., Denver, U. P..	.00378	.00454	.00076
2641	2138	27 Via Salt Lake, D. & R. G., Colo. Spgs., C. R. I. & P.....	.00379	.00454	.00075

Distance in Miles FROM Portland	Distance in Miles FROM Jcts.	TO CHICAGO	Rates on Fir Lumber Old	New	Diff.
		CHICAGO, GREAT WESTERN RY.—Cont'd.	50c.	60c.	10c.
2570	2067	27 Via Salt Lake, D. & R. G., Grand Jct., Colo. Mid., Colo. Spgs., C. R. I. & P.	.00389	.00467	.00078
		CHICAGO JUNCTION RY.			
		35404.			
	1799	Via Granger, U. P., and Council Bluffs.			
2292	493	15 Via C. & N. W.	.....	.00524	.....
2291	492	15 Via C. M. & St. P.	.....	.00524	.....
2295	496	15 Via C. B. & Q.	.....	.00523	.....
2302	503	15 Via C. R. I. & P.	.....	.00521	.....
2302	503	15 Via C. G. W.	.....	.00521	.....
2315	516	15 Via Ill. Cent.	.....	.00518	.....
	2042	Via Nor'n Pac. and Minnesota Transfer.			
2462	420	8 Via C. M. & St. P., Franklin Park Ill.	.....	.00487	.....
2484	442	8 Via C. B. & Q., West Crossg., Ill.	.....	.00483	.....
2566	524	8 Via C. R. I. & P., Burr Oak, Ill.	.....	.00468	.....
2472	430	8 Via C. G. W., Belton, Ill.	.....	.00485	.....
2517	475	8 Via Wis. Cent., Franklin Park, Ill.	.....	.00477	.....
2463	421	8 Via C. St. P. M. & O., Elroy, C. & N. W., Melrose Park, Ill.	.....	.00487	.....
2533	491	8 Via M. & St. L., Albert Lea, Ill. Cent., Broadview, Ill.	.....	.00474	.....
	1838	12 A. Via O. R. & N., Spokane..... S. & I. Ry., Kingsgate, B. C..... C. P. Ry., Portal, N. D..... M. St. P. & S. St. M. Ry..... Minnesota Transfer.....			
2258	420	Via C. M. & St. P., Franklin Park, Ill.	.....	.00531	.....
2280	442	Via C. B. & Q., West Crossing, Ill.	.....	.00526	.....
2362	524	Via C. R. I. & P., Burr Oak, Ill.	.....	.00508	.....
2268	430	Via C. G. W., Belton, Ill.	.....	.00529	.....
2313	475	Via Wis. Cent., Franklin Park, Ill.	.....	.00519	.....

Distance in Miles FROM Portland	Distance in Miles FROM Jcts.	TO CHICAGO	Rates on Fir Lumber Old	New	Diff.
		CHICAGO JUNCTION RY.—Cont'd.	50c.	60c.	10c.
2259	421	Via C. St. P. M. & O., Elroy, C. & N. W., Melrose Park, Ill....	.....	.00531	.....
2329	491	Via M. & St. L., Albert Lea, Ill. Cent., Broadview, Ill.....	.....	.00515	.....
		No. 3541. CHICAGO, MILWAUKEE AND ST. PAUL RY.			
	420	Via Minnesota Transfer, Minn.			
2462	2042	8 Via Northern Pacific.....	.00406	.00487	.00081
2258	1838	12 A. Via O. R. & N., Spokane..... S. & I. Ry., Kingsgate, B. C..... C. P. Ry., Portal, N. D..... M. St. P. & S. St. M. Ry.....	.....	.00531	.....
	492	Via Council Bluffs, Iowa.			
2291	1799	15 Via Granger, U. P.....	.00436	.00524	.00088
2461	1969	26 Via Granger, U. P., Pullman, C. R. I. & P.....	.00406	.00488	.00082
2705	2213	27 Via Salt Lake, D. & R. G., Denver, U. P.....	.00370	.00444	.00074
2633	2141	27 Via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid., Denver, U. P..	.00380	.00456	.00076
2630	2138	27 Via Salt Lake, D. & R. G., Colo. Spgs., C. R. I. & P.....	.00380	.00456	.00076
2559	2067	27 Via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid., Colo. Spgs., C. R. I. & P.....	.00391	.00469	.00078
		CHICAGO, ROCK ISLAND AND PACIFIC RY.			
		No. 4918.			
	523	Via Minnesota Transfer, Minn.			
2565	2042	8 Via Northern Pacific.....	.00390	.00468	.00078
2361	1838	12 A. Via O. R. & N., Spokane.... S. & I. Ry., Kingsgate, B. C..... C. P. Ry., Portal, N. D..... M. St. P. & S. St. M. Ry.....	.....	.00508	.....

Distance in Miles FROM Portland	Jcts.	TO CHICAGO	Rates on Fir Lumber Old	New	Diff.
		CHICAGO, ROCK ISLAND AND PACIFIC RY. (Cont'd).	50c.	60c.	10c.
	503	Via Council Bluffs, Iowa.			
2302	1799	15 Via Granger, U. P.	.00434	.00521	.00087
2472	1969	26 Via Granger, U. P., Pullman, C. R. I. & P.	.00405	.00485	.00080
2716	2213	27 Via Salt Lake, D. & R. G., Denver, U. P.	.00368	.00442	.00074
2644	2141	27 Via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid., Denver, U. P.	.00378	.00454	.00078
2641	2138	27 Via Salt Lake, D. & R. G., Colo. Spgs., C. R. I. & P. Ry.	.00375	.00454	.00079
2570	2067	27 Via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid., Colo. Spgs., C. R. I. & P.	.00389	.00467	.00078
		ILLINOIS CENTRAL.			
		No. 7264.			
	491	Via Minnesota Tfr., M. & St. L., Albert Lea.			
2533	2042	8 Via N. P.	.00395	.00474	.00079
2329	1838	12 A. Via O. R. & N., Spokane, S. & I. Ry., Kingsgate, B. C., C. P. Ry., Portal, N. D., M. St. P. & S. St. M. Ry.	.....	.00515	.....
	516	Via Council Bluffs, Iowa.			
2315	1799	15 Via Granger, U. P.	.00432	.00518	.00086
2485	1969	26 Via Granger, U. P., Pullman, Colo., C. R. I. & P.	.00402	.00483	.00081
		No. 85636.			
		LAKE MICH. CAR FERRY TRANS. CO. Via Minn. Trans., M. & St. P. & S. St. M., Faithorn Jct., Mich., Wis. & Mich. Ry., Pestigo Harbor, Wis.			
	2042	8 Via Northern Pacific	.....	.....	.....
	1838	12 A. Via O. R. & N., Spokane, S. & I. Ry., Kingsgate, B. C., C. P. Ry., Portal, N. D., M. & St. L. and S. St. M. Ry.	.....	.....	.....

Distance in Miles FROM Portland	Distance in Miles FROM Jcts.	TO CHICAGO	Rates on Fir Lumber Old	New	Diff.
		No. 13625.			
		WISCONSIN CENTRAL RY.			
	475	Via Minnesota Transfer.			
2517	2042	8 Via Ngrthern Pacific.....	.00397	.00477	.00080
2313	1838	12 A. Via O. R. & N., Spokane.....	.....	.00519	.....
		C. P. Ry., Portal, N. D.....			
		M. & St. L. & S. St. M. Ry.....			
		Via Ladysmith, Wis.			
2341	1838	12 A. Via O. R. & N., Spokane.....	.....	.00513	.....
		S. & I. Ry., Kingsgate, B. C.....			
		C. P. Ry., Portal, N. D.....			
		M. & St. P. and S. St. M. Ry....			

This is a comparative statement of the old and new lumber rates from coast basing points to Chicago by all the routing shown in these two tariffs. It shows the cents per hundred and mills per ton per mile. It shows it so that no matter what road you would ship over, one could tell from that the rate per ton per mile you pay, and it also shows the mileages. Portland is the basis for the western end. This is the coast basis, Portland. The coast basis is that that applies to Portland and points west of the Cascade Range, taking from Ashland clear north up to the British Columbia Line; but in these statements I refer to the basis primarily from Portland, because I am figuring the mileage and I have to take a particular point.

That pink strip to the left there (referring to map) running down in the Willamette Valley to all points, Denver and the East, and up into Washington, is the coast rate basis.

(Anderson Exhibit 6 received in evidence, record page 64.)

ANDERSON EXHIBIT No. 6.

Comparative Statement O. R. & N. Coast Basis.

Showing rates of Fir lumber in cents per 100 lbs. and in mills per Ton per mile from Portland, Oregon, to St. Louis, Mo., via all the various routings.

Basis of comparison is East-bound Lumber Tariff S. R. 662, I. C. C. No. 564, effective April 15, 1905, and S. R. 963, I. C. C. 850, effective Nov. 1, 1907.

Mileages are taken from July, 1907, number of official Railway Guide, published by National Ry. Publishing Company, 24 Park Place, New York.

Distance in Miles FROM Portland.	Jcts.	TO ST. LOUIS, MO.	Rates on Fir Lumber Old.	New.	Diff.
		No. 742. Chicago & Alton Ry.	52½	60	7½
	230	Via Kans. City, Mo.			
		No. 10.			
2406		Via N. P., Billings, C. B. & Q.....	.00436	.00499	.00063
		No. 15.			
2310		Via Granger and U. P.....	.00455	.00519	.00064
		No. 26.			
2306		Via Granger, U. P., Pullman, Colo., C. R. I. & P.....	.00412	.00520	.00108
		No. 27.			
2564		Via Salt Lake, D. & R. G., Denver, U. P.....	.....	.00468	.....
		No. 27.			
2492		Via Salt Lake, D. & R. G., Grand Jct., Colo. Mid., Denver, U. P..	.....	.00482	.....
		No. 27.			
2473		Via Salt Lake, D. & R. G., Colo. Spgs., C. R. I. & P.....	.....	.00484	.....
		No. 27.			
2402		Via Salt Lake, D. & R. G., Grand Jct., Colo. Mid., Colo. Spgs., C. R. I. & P.....	.....	.00499	.....

Distance in Miles FROM Portland.	Jcts.	TO ST. LOUIS, MO.	Rates on Fir Lumber Old.	New.	Diff.
		No. 3001. CHICAGO, BURLINGTON & QUINCY RY. Via Minnesota Transfer, C. B. & Q. or C. R. I. & P. via Burlington, Iowa, and C. B. & Q.			
2628	586	8 Via N. P., C. R. I. & P.	.00400	.....	.....
2646	604	8 Via N. P., C. B. & Q.	.00397	.....	.....
	346	Via Kans. City.			
2472		10 Via N. P., Billings, C. B. & Q.	.00425	.00485	.00060
2376		15 Via Granger, U. P.	.00442	.00505	.00063
2372		26 Via Granger, U. P., Pullman, Colo., C. R. I. & P.	.00443	.00505	.00062
		No. 5651. C. R. I. & P. (St. L. K. C. & COLO. R. R.). Via Kansas City.			
2425		10 Via N. P., Billings, C. B. & Q.	.00433	.00495	.00062
2329		15 Via Granger, U. P.	.00451	.00515	.00064
2325		26 Via Granger, U. P., Pullman, Colo., C. R. I. & P.	.00452	.00516	.00064
		No. 8856. M. K. & T. RY.			
	373	Via Kansas City.			
2499		10 Via N. P., Billings, C. B. & Q.	.00420	.00480	.00060
2403		15 Via Granger, U. P.	.00437	.00499	.00062
		No. 9526. MO. PAC. RY.			
	283	Via Kansas City.			
2409		10 Via N. P., Billings, C. B. & Q.	.00436	.00498	.00062
2313		15 Via Granger, U. P.	.00454	.00519	.00065
		No. 11741. ST. L. & S. F. R. R.	52½	60	7½
2559	433	Via Kans. City.			
		No. 10. Via N. P., Billings, C. B. & Q.	.00410	.00469	.00059
2463		No. 15. Via Granger, U. P.	.00426	.00487	.00061

Distance in Miles. FROM Portland.	Distance in Miles. FROM Jcts.	TO ST. LOUIS, MO.	Rates on Fir Lumber Old.	New.	Diff.
		No. 13617. WABASH R. R. Via Kansas City.			
2403	277	No. 10. Via N. P., Billings, C. B. & Q....	.00437	.00499	.00062
2307		No. 15. Via Granger, U. P.....	.00455	.00520	.00065
2561		No. 27. Via Salt Lake, D. & R. G., Denver, U. P.....	.....	.00469	.....
2489		No. 27. Via Salt Lake, D. & R. G., Grand Jct., Colo. Mid., Denver, U. P	.....	.00482	.....
2470		No. 27. Via Salt Lake, D. & R. G., Colo. Springs, C. R. I. & P.....	.....	.00486	.....
2399		No. 27. Via Salt Lake, D. & R. G., Grand Jct., Colo. Mid., Colo. Spgs., C. R. I. & P.....	.....	.00500	.....

This is a comparison of the old and new fir lumber rates from Portland to St. Louis via all routings. It shows the mileages, the rates in cents per hundred pounds and per ton per mile.

(Anderson Exhibit 7 received in evidence, record page 65.)

ANDERSON EXHIBIT No. 7.

COMPARATIVE STATEMENT.

2½ CENTS HIGHER THAN SPOKANE BASIS.

Showing rates on Fir Lumber in cents per 100 lbs. and in mills per ton per mile from Wyeth and Hood River, Oregon, two principal shipping points on O. R. & N. Co's line within territory extending from Wyeth to The Dalles, inclusive, distance of 36 miles, and taking under Tariff S. R. 963, I. C. C. No. 850, rate basis 2½ cents higher than Spokane Basis, which latter prevailed under former tariff.

To fifteen principal points on O. S. L. R. R. and twenty principal points on U. P. R. R., to and including Omaha, Neb. Also Orin Junction on Colorado & Southern; Denver, Colo, via Granger and Ogden Gateways, and Omaha via various Colorado Gateways. Basis of comparison is East Bound Lumber Tariff S. R. 662, I. C. C. No. 564, effective 4/15/05, and S. R. 963, I. C. C. No. 850, effective 11/1/07. Mileages are taken from July, 1907, Number of Official Railway Guide, published by National Railway Publishing Company, 24 Park Place, New York.

Statement is arranged so as to show a principal point in each territory taking a higher rate than the territory just preceding it.

BASIS 2½c. ABOVE SPOKANE RATE.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			Cts. per 100 lbs.	Mills per ton per mile	Cts. per 100 lbs.	Mills per ton per mile	
Weiser	375	Wyeth	31	.01653	30	.01600	De. .00053
	361	Hood River		.01717		.01662	De. .00055
	368	Average		.01685		.01630	De. .00055
Payette	388	Wyeth	34	.01753	32	.01650	De. .00103
	374	Hood River		.01818		.01711	De. .00107
	381	Average		.01785		.01680	De. .00105
Arcadia	399	Wyeth	35	.01754	33	.01654	De. .00100
	385	Hood River		.01818		.01714	De. .00104
	392	Average		.01786		.01684	De. .00102
Parma	410	Wyeth	35	.01707	34	.01659	De. .00048
	396	Hood River		.01768		.01717	De. .00051
	403	Average		.01737		.01687	De. .00050
Shoshone	571	Wyeth	35	.01226	35	.01226	
	557	Hood River		.01257		.01257	
	564	Average		.01241		.01241	
Minedoka	620	Wyeth	35	.01129	35	.01129	
	606	Hood River		.01155		.01155	
	613	Average		.01142		.01142	
Pocatello	679	Wyeth	35	.01031	35	.01031	
	665	Hood River		.01053		.01053	
	672	Average		.01042		.01042	

BASIS 2½c. ABOVE SPOKANE RATE.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			Cts. per 100 lbs.	Mills per ton per mile	Cts. per 100 lbs.	Mills per ton per mile	
McCammon..	702	Wyeth.....	40	.01140	40	.01140	
	688	Hood River...		.01163		.01163	
	695	Average.....		.01151		.01151	
Salt Lake....	850	Wyeth.....	40	.00941	40	.00941	
	836	Hood River...		.00957		.00957	
	843	Average.....		.00949		.00949	
Bancroft, Idaho.....	731	Wyeth.....	40	.01094	40	.01094	
	717	Hood River...		.01116		.01116	
	724	Average.....		.01105		.01105	
Soda Springs, Idaho.....	747	Wyeth.....	40	.01071	41	.01098	.00027
	753	Hood River...		.01091		.01119	.00028
	740	Average.....		.01081		.00108	.00027
Cokeville, Wyo.....	810	Wyeth.....	40	.00988	42	.01037	.00049
	796	Hood River...		.01005		.01055	.00050
	803	Average.....		.00996		.01046	.00050
Kemmerer, Wyo.....	853	Wyeth.....	40	.00937	42½	.00996	.00059
	839	Hood River...		.00954		.01013	.00059
	846	Average.....		.00946		.01005	.00059
Opal, Wyo...	868	Wyeth.....	40	.00922	42½	.00980	.00058
	854	Hood River...		.00937		.00995	.00058
	861	Average.....		.00929		.00987	.00058

BASIS 2½c. ABOVE SPOKANE RATE.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			Cts. per 100 lbs.	Mills per ton per mile	Cts. per 100 lbs.	Mills per ton per mile	
Granger, Wyo.	893	Wyeth	40	.00896	42½	.00952	.00056
	879	Hood River		.00910		.00967	.00057
	886	Average		.00903		.00959	.00056
Green River, Wyo.	923	Wyeth	40	.00867	42½	.00921	.00054
	909	Hood River		.00880		.00934	.00054
	916	Average		.00873		.00928	.00055
Rock Springs, Wyo.	938	Wyeth	40	.00853	43½	.00928	.00075
	924	Hood River		.00866		.00942	.00076
	931	Average		.00859		.00934	.00075
Rawlins, Wyo.	1057	Wyeth	40	.00757	44½	.00842	.00085
	1043	Hood River		.00767		.00853	.00086
	1050	Average		.00762		.00848	.00086
Laramie, Wyo.	1174	Wyeth	40	.00681	46½	.00792	.00111
	1160	Hood River		.00690		.00802	.00112
	1167	Average		.00686		.00797	.00111
Cheyenne, Wyo.	1231	Wyeth	40	.00650	47½	.00772	.00122
	1217	Hood River		.00657		.00781	.00124
	1224	Average		.00654		.00776	.00122
Orin Jct., Wyo.	1385	Wyeth	48	.00693	55½	.00801	.00108
	1371	Hood River		.00700		.00810	.00110
Ind. 6009 proper.	1378	Average		.00697		.00806	.00109

BASIS 2½c. ABOVE SPOKANE RATE.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			Cts. per 100 lbs.	Mills per ton per mile	Cts. per 100 lbs.	Mills per ton per mile	
Ind. 6010 Orin Jct., Wyo., when destined beyond.....	1385	Wyeth.....	40	.00578	47½	.00686	00108
	1371	Hood River...		.00584		.00693	.00109
	1378	Average.....		.00581		.00689	.00108
Ind. 13052 Denver, Col., via Granger, U. P.....	1338	Wyeth.....	40	.00598	47½	.00710	.00112
	1324	Hood River...		.00604		.00718	.00114
	1331	Average.....		.00601		.00714	.00113
Ind. 6047 via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid., Colo. Spgs., C. & S. Ry.....	1520	Wyeth.....	40	.00526	47½	.00625	.00099
	1506	Hood River...		.00531		.00631	.00100
	1513	Average.....		.00529		.00628	.00099
Ind. 6438, via Salt Lake, D. & R. G...	1592	Wyeth.....	40	.00503	47½	.00597	.00094
	1578	Hood River...		.00507		.00602	.00095
	1585	Average.....		.00505		.00599	.00094
Sidney, Neb.	1333	Wyeth.....	40	.00600	47½	.00713	.00113
	1319	Hood River...		.00607		.00720	.00113
	1326	Average.....		.00603		.00716	.00113
Colton, Neb..	1339	Wyeth.....	42	.00627	48½	.00724	.00097
	1325	Hood River...		.00634		.00732	.00098
	1332	Average.....		.00631		.00729	.00098

BASIS 2½c. ABOVE SPOKANE RATE.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			Cts. per 100 lbs.	Mills per ton per mile	Cts. per 100 lbs.	Mills per ton per mile	
Lodge Pole, Neb.	1351	Wyeth	45	.00666	50½	.00748	.00082
	1337	Hood River		.00673		.00755	.00082
	1344	Average		.00670		.00751	.00081
Perdue, Neb.	1355	Wyeth	45	.00664	51½	.00760	.00096
	1341	Hood River		.00671		.00768	.00097
	1348	Average		.00668		00764	.00096
Chappell, Neb.	1360	Wyeth	45	.00662	52½	.00772	.00110
	1346	Hood River		.00669		.00780	.00111
	1353	Average		.00665		.00776	.00111
Julesburg, Colo.	1375	Wyeth	45	.00654	52½	.00764	.00110
	1361	Hood River		.00661		.00771	.00110
	1368	Average		.00658		.00767	.00109
Big Springs, Neb.	1386	Wyeth	45	.00649	52½	.00758	.00109
	1372	Hood River		.00656		.00765	.00109
	1379	Average		.00653		.00761	.00108
Megeath, Neb.	1391	Wyeth	45	.00647	52½	.00755	.00108
	1377	Hood River		.00654		.00763	.00109
	1384	Average		.00650		.00759	.00109
Brule, Neb.	1397	Wyeth	45	.00644	52½	.00752	.00108
	1383	Hood River		.00651		.00759	.00108
	1390	Average		.00647		.00755	.00108

BASIS 2½c. ABOVE SPOKANE RATE.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			Cts. per 100 lbs.	Mills per per ton mile	Cts. per 100 lbs.	Mills per per ton mile	
North Platte, Neb.	1456	Wyeth	45	.00618	52½	.00721	.00103
	1442	Hood River		.00624		.00728	.00104
	1449	Average		.00621		.00725	.00104
Kearney, Neb.	1551	Wyeth	45	.00580	52½	.00677	.00097
	1537	Hood River		.00586		.00683	.00097
	1544	Average		.00582		.00680	.00098
Grand Island, Neb.	1593	Wyeth	45	.00566	52½	.00659	.00093
	1579	Hood River		.00570		.00665	.00095
	1586	Average		.00567		.00662	.00095
Columbus, Neb.	1656	Wyeth	45	.00543	52½	.00634	.00091
	1642	Hood River		.00548		.00639	.00091
	1649	Average		.00546		.00637	.00091
Omaha, Neb. Via Granger, U. P.	1747	Wyeth	45	.00515	52½	.00601	.00086
	1733	Hood River		.00519		.00606	.00087
	1740	Average		.00517		.00603	.00086
Via Salt Lake D. & R. G., Denver, U. P.	2161	Wyeth	45	.00416	52½	.00486	.00070
	2147	Hood River		.00419		.00489	.00070
	2154	Average		.00418		.00488	.00070

BASIS 2½c. ABOVE SPOKANE RATE.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			Cts. per 100 lbs.	Mills per ton per mile	Cts. per 100 lbs.	Mills per ton per mile	
Via Salt Lake, D. & R. G.,							
Gr. Jct., Colo.	2089	Wyeth	45	.00431	52½	.00503	.00072
Spgs., Colo.	2075	Hood River		.00434		.00506	.00072
Mid., C. & S., Denver and U. P.	2082	Average		.00432		.00504	.00072
Via Granger, U. P.	1743	Wyeth	45	.00516	52½	.00602	.00086
	1729	Hood River		.00521		.00607	.00086
Fremont, C. & N. W.	1736	Average		.00518		.00605	.00087
Via Salt Lake, D. & R. G.	2086	Wyeth	45	.00431	52½	.00503	.00072
	2072	Hood River		.00434		.00507	.00073
Col. Spgs., C. R. I. & P.	2079	Average		.00433		.00505	.00072
Via Salt Lake, D. & R. G.	2015	Wyeth	45	.00447	52½	.00521	.00074
Gr. Jct., Col. Mid.	2001	Hood River		.00450		.00525	.00075
Col. Spgs., C. R. I & P.	2008	Average		.00448		.00523	.00075

This is a comparative statement of rates from what we term the Hood River district, which is now on a 2½ cent per hundred higher basis than from Spokane. It shows the old and the new rates in cents per hundred and in tons per mile, from Hood River and Wyeth to various points on the Short Line and Union Pacific as far as Omaha.

(Anderson Exhibit 8 received in evidence, record page 65.)

ANDERSON EXHIBIT No. 8.

COMPARATIVE STATEMENT.

MONTANA-OREGON RATE BASIS.

Showing rates on Fir Lumber in cents per 100 pounds and in mills per ton per mile from Elgin, La Grande, Union and Baker City, Oregon, four principal points on line of O. R. & N. Co. within territory known as Mont.-Ore., and including that portion of O. R. & N. Co's tracks Meacham, Oregon, to Huntington, Oregon, distance of 124 miles.

To fifteen principal points on O. S. L. R. R. and twenty principal points on U. P. R. R., to and including Omaha, Neb. Also Orin Junction on Colorado & Southern; Denver, Colorado, via Granger and Ogden Gateways, and Omaha via various Colorado Gateways. Basis of comparison is East Bound Lumber Tariff S. R. 662, I. C. C. No. 564, effective 4/15/05, and S. R. 963, I. C. C. No. 850, effective 11/1/07. Mileages are taken from July, 1907, Number of Official Railway Guide, published by National Railway Publishing Company, 24 Park Place, New York.

Statement is arranged so as to show a principal point in each territory taking a higher rate than the territory just preceding it.

MONTANA—OREGON RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
Weiser, Idaho	143	Elgin	16½	.02308	16½	.02308	No Diff.
	122	La Grande		.02705		.02705	
	109	Union		.03028		.03028	
	70	Baker City		.04714		.04714	
	111	Average		.02973		.02973	
Payette, Idaho	156	Elgin	17½	.02244	17½	.02244	No Diff.
	135	La Grande		.02593		.02593	
	122	Union		.02869		.02869	
	83	Baker City		.04217		.04217	
	124	Average		.02823		.02823	
Arcadia, Ore.	167	Elgin	17½	.02096	17½	.02096	No Diff.
	146	La Grande		.02397		.02397	
	133	Union		.02632		.02632	
	94	Baker City		.03830		.03723	
	135	Average		.02593		.02593	
Parma, Idaho	178	Elgin	17½	.01966	17½	.01966	No Diff.
	157	La Grande		.02229		.02229	
	144	Union		.02431		.02431	
	105	Baker City		.03333		.03333	
	146	Average		.02397		.02397	
Shoshone, Idaho	339	Elgin	27½	.01622	27½	.01622	No Diff.
	318	La Grande		.01730		.01730	
	305	Union		.01803		.01803	
	266	Baker City		.02068		.02068	
	307	Average		.01792		.01792	

MONTANA—OREGON RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
	388	Elgin	27½	.01418	27½	.01418	
	367	La Grande		.01499		.01499	
Mindoka,	354	Union		.01554		.01554	No
Idaho	315	Baker City		.01746		.01746	Diff.
	356	Average		.01545		.01545	
	447	Elgin	27½	.01230	27½	.01230	
	426	La Grande		.01291		.01291	
Pocatello,	413	Union		.01332		.01332	No
Idaho	374	Baker City		.01471		.01471	Diff.
	415	Average		.01325		.01325	
	470	Elgin	30	.01277	30	.01277	
	449	La Grande		.01336		.01336	
McCammon,	436	Union		.01376		.01376	No
Idaho	397	Baker City		.01511		.01511	Diff.
	438	Average		.01370		.01370	
	618	Elgin	30	.00971	30	.00971	
	597	La Grande		.01005		.01005	
Salt Lake,	584	Union		.01027		.01027	No
Utah	545	Baker City		.01101		.01101	Diff.
	596	Average		.01024		.01024	
	499	Elgin	30	.01202	30	.01202	
	478	La Grande		.01255		.01255	
Bancroft,	465	Union		.01290		.01290	No
Idaho	426	Baker City		.01409		.01409	Diff.
	467	Average		.01285		.01285	

MONTANA—OREGON RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
	515	Elgin	30	.01167	31	.01203	.00036
	494	La Grande		.01215		.01255	.00040
Soda Spgs.,	481	Union		.01247		.01289	.00042
Idaho	442	Baker City		.01357		.01403	.00046
	483	Average		.01242		.01283	.00041
	578	Elgin	30	.01038	32	.01107	.00069
	557	La Grande		.01077		.01149	.00072
Cokeville,	544	Union		.01103		.01176	.00073
Wyo	505	Baker City		.01188		.01267	.00079
	546	Average		.01099		.01172	.00073
	621	Elgin	30	.00966	33	.01063	.00097
	600	La Grande		.01000		.01100	.00100
Kemmerer,	587	Union		.01022		.01124	.00102
Wyo	548	Baker City		.01095		.01204	.00109
	589	Average		.01021		.01121	.00100
	636	Elgin	30	.00943	34	.01069	.00126
	615	La Grande		.00974		.01106	.00132
Opal, Wyo	602	Union		.00997		.01130	.00133
	563	Baker City		.01066		.01208	.00142
	604	Average		.00993		.01126	.00133
	661	Elgin	30	.00908	35	.01116	.00208
	640	La Grande		.00938		.01094	.00156
Granger,	627	Union		.00957		.01116	.00159
Wyo	588	Baker City		.01020		.01190	.00170
	629	Average		.00953		.01113	.00160

MONTANA—OREGON RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
	691	Elgin.....	35	.01013	35	.01013	
	670	La Grande....		.01004		.01004	
Green River,	657	Union.....		.01065		.01065	No
Wyo.....	618	Baker City....		.01133		.01133	Diff.
	659	Average.....		.01062		.01062	
	706	Elgin.....	35	.00991	36	.01102	.00111
	685	La Grande....		.01023		.01051	.00028
Rock Spgs.,	672	Union.....		.01042		.01071	.00029
Wyo.....	633	Baker City....		.01106		.01137	.00031
	674	Average.....		.01038		.01068	.00030
	825	Elgin.....	35	.00848	37	.00897	.00049
	804	La Grande....		.00871		.00920	.00049
Rawlins,	791	Union.....		.00885		.00936	.00051
Wyo.....	752	Baker City....		.00931		.00984	.00053
	793	Average.....		.00883		.00933	.00050
	942	Elgin.....	35	.00743	39	.00828	.00085
	921	La Grande....		.00760		.00847	.00087
Laramie,	908	Union.....		.00771		.00859	.00088
Wyo.....	869	Baker City....		.00805		.00898	.00093
	910	Average.....		.00769		.00857	.00088
	999	Elgin.....	35	.00701	40	.00801	.00100
	978	La Grande....		.00716		.00818	.00102
Cheyenne,	965	Union.....		.00725		.00829	.00104
Wyo.....	926	Baker City....		.00756		.00864	.00108
	967	Average.....		.00724		.00827	.00103

MONTANA—OREGON RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
	1153	Elgin.....	43	.00746	48	.00833	.00087
Orin Jct.,	1132	La Grande....		.00760		.00848	.00088
Wyo.,	1119	Union.....		.00769		.00858	.00089
Proper....	1080	Baker City....		.00796		.00889	.00093
	1121	Average.....		.00767		.00856	.00089
Orin Jct.,	1153	Elgin.....	35	.00607	40	.00694	.00087
Wyo.,	1132	La Grande....		.00618		.00707	.00089
When	1119	Union.....		.00626		.00715	.00089
Destined	1080	Baker City....		.00648		.00741	.00093
Beyond...	1121	Average.....		.00624		.00714	.00090
	1106	Elgin.....	35	.00633	40	.00723	.00090
Denver, Colo.	1185	La Grande....		.00644		.00737	.00093
Via	1072	Union.....		.00651		.00746	.00095
Granger,	1033	Baker City....		.00678		.00774	.00096
U. P.....	1074	Average.....		.00652		.00745	.00093
Via Salt Lake	1288	Elgin.....	35	.00543	40	.00621	.00078
City, D.&	1267	La Grande....		.00553		.00631	.00078
R.G., Gr.	1254	Union.....		.00558		.00638	.00080
Jct., Col.	1215	Baker City....		.00576		.00658	.00082
Mid. Col. Spgs.,C.& S	1256	Average.....		.00557		.00637	.00080
	1360	Elgin.....	35	.00515	40	.00588	.00073
Salt Lake	1339	La Grande....		.00523		.00597	.00074
City,	1326	Union.....		.00528		.00603	.00075
D.& R.G..	1287	Baker City....		.00544		.00622	.00078
	1328	Average.....		.00527		.00602	.00075

MONTANA—OREGON RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
	1101	Elgin	35	.00636	40	.00727	.00091
	1080	La Grande		.00648		.00741	.00093
	1067	Union		.00656		.00750	.00094
Sidney, Neb.	1028	Baker City		.00681		.00778	.00097
	1069	Average		.00655		.00748	.00093
	1107	Elgin	37	.00668	41	.00741	.00073
	1086	La Grande		.00681		.00755	.00074
	1073	Union		.00690		.00764	.00074
Colton, Neb.	1034	Baker City		.00716		.00793	.00077
	1075	Average		.00688		.00763	.00075
	1119	Elgin	40	.00715	43	.00769	.00054
	1098	La Grande		.00729		.00783	.00054
Lodge Pole,	1085	Union		.00752		.00793	.00041
Neb	1046	Baker City		.00765		.00822	.00057
	1087	Average		.00736		.00791	.00055
	1123	Elgin	40	.00712	43	.00766	.00054
	1102	La Grande		.00736		.00780	.00044
	1089	Union		.00735		.00790	.00055
Perdu, Neb.	1050	Baker City		.00762		.00819	.00057
	1091	Average		.00733		.00788	.00055
	1128	Elgin	40	.00709	43	.00762	.00053
	1107	La Grande		.00722		.00777	.00055
Chappell,	1094	Union		.00731		.00786	.00055
Neb	1055	Baker City		.00758		.00815	.00057
	1096	Average		.00730		.00785	.00055

MONTANA—OREGON RATE BASIS

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
	1143	Elgin	40	.00700	43	.00752	.00052
	1122	La Grande		.00713		.00766	.00053
Julesburg,	1109	Union		.00721		.00775	.00054
Colo	1070	Baker City		.00748		.00804	.00056
	1111	Average		.00720		.00774	.00054
	1154	Elgin	40	.00693	43	.00745	.00052
	1133	La Grande		.00706		.00759	.00053
Big Spgs.,	1120	Union		.00714		.00768	.00054
Neb	1081	Baker City		.00740		.00796	.00056
	1122	Average		.00713		.00766	.00053
	1159	Elgin	40	.00690	43	.00742	.00052
	1138	La Grande		.00703		.00756	.00053
	1125	Union		.00711		.00764	.00053
Megeath, Neb.	1086	Baker City		.00737		.00792	.00055
	1127	Average		.00710		.00763	.00053
	1165	Elgin	40	.00687	43	.00738	.00051
	1144	La Grande		.00699		.00752	.00053
Brule, Neb.	1131	Union		.00707		.00760	.00053
	1092	Baker City		.00733		.00788	.00055
	1133	Average		.00706		.00759	.00053
	1224	Elgin	40	.00654	43	.00703	.00049
	1203	La Grande		.00665		.00715	.00050
No. Platte,	1190	Union		.00672		.00723	.00051
Neb	1151	Baker City		.00695		.00747	.00052
	1192	Average		.00671		.00721	.00050

MONTANA—OREGON RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
Kearney, Neb	1319	Elgin	40	.00607	43	.00652	.00045
	1298	La Grande		.00616		.00662	.00046
	1285	Union		.00623		.00669	.00046
	1246	Baker City		.00642		.00690	.00048
	1287	Average		.00621		.00668	.00047
Grand Isld., Neb	1361	Elgin	40	.00588	43	.00632	.00044
	1340	La Grande		.00597		.00642	.00045
	1327	Union		.00602		.00647	.00045
	1288	Baker City		.00621		.00668	.00047
	1329	Average		.00602		.00647	.00045
Columbus, Neb	1424	Elgin	40	.00562	43	.00604	.00042
	1403	La Grande		.00570		.00613	.00043
	1390	Union		.00576		.00619	.00043
	1351	Baker City		.00592		.00637	.00045
	1392	Average		.00575		.00618	.00043
Omaha, Neb., via Granger, U. P	1515	Elgin	40	.00528	43	.00568	.00040
	1494	La Grande		.00535		.00575	.00040
	1481	Union		.00540		.00581	.00041
	1442	Baker City		.00555		.00596	.00041
	1483	Average		.00555		.00580	.00040
Via Salt Lake City, D. & R. G., D ver, U. P	1929	Elgin	40	.00415	43	.00446	.00031
	1908	La Grande		.00419		.00451	.00032
	1895	Union		.00422		.00453	.00031
	1856	Baker City		.00431		.00463	.00032
	1897	Average		.00422		.00453	.00031

MONTANA—OREGON RATE BASIS.

Stations To	Dist. in Miles	Stations From	Old		New		Diff.
			In cts. per 100 lbs.	In mills per ton per mile	In cts. per 100 lbs.	In mills per ton per mile	
Via Salt Lake City,	1857	Elgin.....	40	.00431	43	.00463	.00032
D. & R. G.	1836	La Grande....		.00436		.00468	.00032
Gr. Jct.	1823	Union.....		.00439		.00472	.00033
Colo. Mid.	1784	Baker City....		.00449		.00482	.00033
Colo. Spgs. C. & S. Denver U. P.....	1825	Average.....		.00439		.00471	.00032
Via Granger U. P. Fremont C. & N.W..	1511	Elgin.....	40	.00529	43	.00622	.00093
	1490	La Grande....		.00537		.00631	.00094
	1477	Union.....		.00542		.00636	.00094
	1438	Baker City....		.00556		.00654	.00098
	1479	Average.....		.00541		.00635	.00094
Via Salt Lake City D. & R. G. Gr. Jct. Colo. Mid. Colo. Spgs. C.R.I.& P.	1783	Elgin.....	40	.00449	43	.00482	.00033
	1762	La Grande....		.00454		.00488	.00034
	1749	Union.....		.00457		.00492	.00035
	1710	Baker City....		.00468		.00503	.00035
	1751	Average.....		.00457		.00491	.00034
Via Salt Lake City D. & R. G. Colo. Spgs. C.R.I.& P.	1854	Elgin.....	40	.00432	43	.00464	.00032
	1833	La Grande....		.00437		.00469	.00032
	1820	Union.....		.00440		.00472	.00032
	1781	Baker City....		.00449		.00483	.00034
	1822	Average.....		.00439		.00483	.00033

This is a comparative statement of fir lumber rates from what is known as the Montana-Oregon rate basis, taking Elgin, LaGrande, Union, and Baker City for illustration, showing the rate in cents per hundred and in tons per mile, to Short Line and Union Pacific points as far as Omaha.

(Anderson Exhibit 9 received in evidence, record page 66.)

ANDERSON EXHIBIT No. 9.

Portland, Ore.,
vs.
Spokane, Wash.

NEW BASIS.
5c. Differential.

COMPARATIVE STATEMENT.

Showing distance in miles and rates in cents per 100 lbs. and per ton per mile on fir and pine lumber from Portland, Ore., and Spokane, Wash., in effect Nov. 1st and subsequent thereto.

To fifteen principal points on the Oregon Short Line R. R., and twenty principal points on Union Pacific R. R.; also Orin Junction, Wyo., on the Colorado Southern Ry., Denver via Ogden and Granger Gateways, and Omaha via all Gateways.

Basis of comparison is Transcontinental Freight Bureau East Bound Lumber Tariff, S. R. 963, I. C. C. No. 850, effective Nov. 1, 1907.

Mileages are taken from July, 1907, number of Official Railway Guide, published by National Railway Publishing Co., No. 24 Park Place, New York City.

Statement is arranged so as to show a principal point in each territory taking a higher rate than the territory just preceding it.

STATIONS. TO	From Spokane.			From Portland.			Diff.
	Dist.	Rate 100 Lbs.	In Cents Ton Mile.	Dist.	Rate 100 Lbs.	In Cents Ton Mile.	
Weiser, Idaho	447	30	.01342	427	30	.01405	.....
Payette, Idaho	460	32	.01391	440	32	.01455	.....
Arcadia, Ore	471	33	.01401	451	33	.01463	.....
Parma, Idaho	482	34	.01411	462	34	.01472	.....
Shoshone, Idaho	643	35	.01089	623	35	.01124	.....
Minidoka, Idaho	692	35	.01012	672	35	.01042	.....
Pocatello, Idaho	751	35	.00932	731	35	.00958	.....
McCammon, Idaho	774	40	.01034	754	40	.01061	.....
Salt Lake, Utah	922	40	.00868	902	40	.00887	.....
Bancroft, Idaho	803	40	.00996	783	40	.01026	.....
Soda Spgs., Idaho	819	40	.00977	799	41	.01026	.01 .00049 02
Cokeville, Wyo	882	40	.00907	862	42	.00974	.00067 03
Kemmerer, Wyo	925	40	.00865	905	43	.00950	.00085 04
Opal, Wyo	940	40	.00851	920	44	.00957	.00106 05
Granger, Wyo	965	40	.00829	945	45	.00952	.00125 05
Green River, Wyo	995	40	.00804	975	45	.00923	.00119 05
Rock Spgs., Wyo	1010	41	.00812	990	46	.00929	.00117 05
Rawlins, Wyo	1129	42	.00744	1109	47	.00848	.00104 05
Laramie, Wyo	1246	44	.00706	1226	49	.00799	.00093 06
Red Buttes, Wyo	1255	44	.00702	1235	50	.00810	.00108 05
Cheyenne, Wyo	1303	45	.00691	1283	50	.00779	.00088 06
Orin Jct., Wyo. (proper)	1457	53	.00727	1437	59	.00807	.00080 05
Orin Jct., Wyo. When destined beyond	1457	45	.00618	1437	50	.00696	.00078 05
Denver, Colo. Via Gang & U. P.	1410	45	.00638	1390	50	.00719	.00081
Via Salt Lake, D. & R. G. R. R., Grand Jct., Colo., Mid. Ry., Colo. Spgs. and C. & S. Ry	1592	45	.00565	1572	50	.00636	05 .00071

STATIONS. TO	From Spokane.			From Portland.			Diff.
	Dist.	Rate 100 Lbs.	In Cents Ton Mile.	Dist.	Rate 100 Lbs.	In Cents Ton Mile.	
Via Salt Lake and D. & R. G. R. R.	1664	45	.00541	1644	50	.00608	05 .00067
Sidney, Neb.	1405	45	.00641	1385	50	.00722	05 .00081
Colton, Neb.	1411	46	.00652	1391	51	.00733	05 .00081
Lodge Pole, Neb.	1423	48	.00675	1403	53	.00756	05 .00081
Perdu, Neb.	1427	49	.00687	1407	54	.00768	05 .00081
Chappell, Neb.	1432	50	.90698	1412	55	.00779	05 .00081
Julesburg, Colo.	1447	50	.00691	1427	55	.00771	05 .00080
Big Springs, Neb.	1458	50	.00689	1438	55	.00765	05 .00076
Megeath, Neb.	1463	50	.00684	1443	55	.00762	05 .00078
Brule, Neb.	1469	50	.00688	1449	55	.00759	05 .00071
North Platte, Neb.	1528	50	.00654	1508	55	.00729	05 .00075
Kearney, Neb.	1623	50	.00616	1603	55	.00686	05 .00070
Grand Island, Neb.	1665	50	.00601	1845	55	.00669	05 .00068
Columbus, Neb.	1728	50	.00579	1708	55	.00644	05 .00065
Omaha, Neb. Via Granger and U. P.	1819	50	.00550	1799	55	.00611	05 .00061
Via Salt Lake, D. & R. G. R. R., Denver and U. P.	2233	50	.00448	2213	55	.00497	05 .00049
Via Salt Lake, Grand Jct., Colo. Spgs., C. & S. Ry., Denver, U. P.	2161	50	.00463	2141	55	.00514	05 .00051
Via Granger, U. P., Fremont and C. & N. W. Ry.	1815	50	.00551	1795	55	.00613	05 .00062
Via Salt Lake, D. & R. G. R. R., Colo. Spgs., C. R. I. & P. Ry.	2158	50	.00463	2138	55	.00514	05 .00051
Via Salt Lake, D. & R. G., Gr. Jct., Colo. Mid. Ry., Col. Spgs., C. R. I. & P. Ry.	2087	50	.00479	2067	55	.00532	05 .00053

This is a comparative statement of fir and pine lumber rates, Spokane basis, compared with Portland basis, routed via the O. R. & N. and Huntington, showing in cents per hundred pounds and per ton per mile to Short Line and Union Pacific points, terminating at Omaha. That covers down through the Short Line territory, the Huntington Gateway.

(Anderson exhibit 10 received in evidence, page 66.)

ANDERSON EXHIBIT No. 10.

Hood River
vs.
Spokane.

Dec. 1, 1907.

COMPARATIVE STATEMENT.

Showing distance in miles and rates in cents per 100 lbs. and per ton per mile on Fir and Pine Lumber from Hood River, Ore., and Spokane, Wash., in effect Dec. 1, 1907, and subsequent thereto.

To fifteen principal points on Oregon Short Line R. R. and twenty principal points on Union Pacific R. R.; also Orin Jct., Wyo., on the Colorado Southern Ry., Denver via Ogden and Granger Gateways and Omaha via all Gateways.

Basis of comparison is Transcontinental Freight Bureau East Bound Lumber Tariff S. I. 963, I. C. C. No. 850, effective Nov. 1, 1907, and Supplement No. 2 to the same tariff, effective Dec. 1, 1907.

Mileages are taken from July, 1907, number of Official Railway Guide, published by National Railway Publishing Company, No. 24 Park Place, New York City.

Statement is arranged so as to show a principal point in each territory taking a higher rate than the territory just preceding it.

TO STATIONS.	From Spokane.			From Hood River.			Diff.
	Dist.	Rate 100 Lbs.	In Cents Ton Mile.	Dist.	Rate 100 Lbs.	In Cents Ton Mile.	
Weiser, Idaho	447	30	.01342	361	30	.01662	.00320
Payette, Idaho	460	32	.01391	374	32	.01711	.00320
Arcadia, Ore	471	33	.01401	385	33	.01714	.00313
Parma, Idaho	482	34	.01411	396	34	.01717	.00306
Shoshone, Idaho	643	35	.01089	557	35	.01257	.00168
Minidoka, Idaho	692	35	.01012	606	35	.01155	.00143
Pocatello, Idaho	751	35	.00932	665	35	.01053	.00124
McCammon. Idaho	774	40	.01034	688	40	.01163	.0129
Salt Lake City, Utah	922	40	.00868	836	40	.00957	00089
Bancroft, Idaho	803	40	.00996	717	40	.01116	.00120 1
Soda Springs, Idaho	819	40	.00977	753	41	.01089	.00112 2
Cokeville, Wyo	882	40	.00907	796	42	.01055	.00148 2½
Kemmerer, Wyo	925	40	.00865	839	42.5	.01014	.00148 2½
Opal, Wyo	940	40	.00851	854	42.5	.00995	.00144 2½
Granger, Wyo	965	40	.00829	879	42.5	.00967	.00137 2½
Green River, Wyo	995	40	.00804	909	42.5	.00934	.00130 1½
Rock Springs, Wyo	1010	41	.00812	924	42.5	.00942	.00130 ½
Rawlings, Wyo	1129	42	.00744	1043	42.5	.00853	.00109 2½
Laramie, Wyo	1246	44	.00706	1160	46.5	.00802	.00962 2½
Cheyenne, Wyo	1303	45	.00691	1217	46.5	.00781	.00090 2½
Orin Jct., Wyo., Proper	1457	53	.00727	1371	55.5	.00810	.00083 2½
Orin Jct., when destined beyond	1457	45	.00618	1371	47.5	.00693	.00075 2½
Denver, Colo., via Granger, U. P	1410	45	.00638	1323	47.5	.00718	.00080 2½
Via Salt Lake, Grand Jct., Colo. Mid. Ry	1592	45	.00565	1506	47.5	.00631	.00066 2½
Colo. Spgs., and C. & S. Ry. via Salt Lake and D. & R. G. R. R	1664	45	.00541	1578	47.5	.00602	.00061 2½
Sidney, Neb	1405	45	.00641	1319	47.5	.00720	.00079

TO STATIONS.	From Spokane.			From Hood River.			Diff.
	Dist.	Rate 100 Lbs.	In Cents Ton Mile.	Dist.	Rate 100 Lbs.	In Cents Ton Mile.	
Colton, Neb.	1411	46	.00652	1325	48.5	.00732	2½ .00080
Lodge Pole, Neb.	1423	48	.00675	1337	50.5	.00755	2½ .00080
Perdue, Neb.	1427	49	.00687	1341	51.5	.00768	2½ .00081
Chappell, Neb.	1432	50	.00698	1346	52.5	.00780	2½ .00082
Julesburg, Neb.	1447	50	.00691	1361	52.5	.00771	2½ .00080
Big Springs, Neb.	1458	50	.00689	1372	52.5	.00765	2½ .00076
Megeath, Neb.	1463	50	.00684	1377	52.5	.00763	2½ .00079
Brule, Neb.	1469	50	.00688	1383	52.5	.00759	2½ .00071
No. Platte, Neb.	1528	50	.00654	1442	52.5	.00728	2½ .00074
Kearney, Neb.	1623	50	.00615	1537	52.5	.00683	2½ .00067
Grand Island, Neb.	1665	50	.00601	1579	52.5	.00665	2½ .00064
Columbus, Neb.	1728	50	.00579	1642	52.5	.00639	2½ .00050
Omaha, Neb., via Granger and U. P.	1819	50	.00550	1733	52.5	.00606	2½ .00056
Via Salt Lake, D. & R. G. R. R.	2233	50	.00448	2147	52.5	.00489	2½ .00041
Denver, U. P., via Salt Lake, D. & R. G. R. R., Gr. Jct., Colo. Mid. Ry., Colo. Spgs., C. S. Ry., Denve,r U. P.	2161	50	.00463	2075	52.5	.00506	2½ .00043
Via Granger, U. P., Fremont, C. & N. W. Ry.	1815	50	.00551	1729	52.5	.00607	2½ .00056
Via Salt Lake, D. & R. G. R. R., Colo. Spgs., C. R. I. & P. R. R.	2158	50	.00463	2072	52.5	.00507	2½ .00044
Via Salt Lake, D. & R. G. R. R., Gr. Jct., Colo. Mid. Ry., Colo. Spgs., C. R. I. & P. Ry.	2087	50	.00479	2001	52.5	.00525	2½ .00046

This is a comparative statement of the fir lumber rates Hood River territory, with Spokane territory, in cents per hundred and per ton per mile, to Short Line and Union Pacific points terminating at Omaha.

(Anderson exhibit 11 received in evidence, record page 67.)

ANDERSON EXHIBIT No. 11.

COMPARATIVE STATEMENT.

O. R. & N. Co.
O. S. L. R. R.
U. P. R. R.
Old Rate Basis
vs. Canadian Pacific Ry.

Showing distance in miles and prevailing rates on fir lumber in cents per 100 pounds and in mills per ton per mile from Portland, Oregon, via O. R. & N. Co. to seventeen principal points on O. S. L. R. R. or U. P. R. R. beginning with 35 cent rate territory and extending as far east as Omaha; and from Vancouver, B. C., to seventeen principal points on Canadian Pacific Railway, situated the same relative distance from Vancouver, B. C., that the O. S. L. and U. P. points are from Portland, Oregon.

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O. R. & N. vs. Canadian Pacific.

From Portland, Ore. To	Dist. in Miles.	Old Basis Rate	From Vancouver To	Dist. in Miles.	Rate	Diff.
Glenns Ferry, Idaho...	571	35 .01226	Canmore, Alberta....	575	35 .01217	*.00009
Gooding, Idaho.....	607	35 .01153	Morley, Alberta.....	601	35½ .01181	.00028
Shoshone, Idaho.....	623	35 .01124	Cochrane, Alberta....	620	36½ .01177	.00053
Minidoka, Idaho.....	672	35 .01042	Strathmore, Alberta..	677	37 .01093	.00051
American Falls, Idaho	705	35 .00993	Gleichen, Alberta....	698	38 .01088	.00895
Pocatello, Idaho.....	731	35 .00958	Bassano, Alberta....	725	38½ .01062	.00104
McCammon, Idaho....	754	40 .01061	Brooks, Alberta.....	756	39 .01032	*.00029
Lava, Idaho.....	768	40 .01042	Tilley, Alberta.....	769	40 .01040	*.00002
Collinston, Utah.....	825	40 .00970	Medicine Hat, Sask...	822	40 .00973	.00003
Green River, Wyo....	975	40 .00821	Swift Current, Sask..	972	40 .00823	.00002
Creston, Wyo.....	1080	40 .00741	Moose Jaw, Sask.....	1083	40 .00739	*.00002
Ft. Steele, Wyo.....	1124	40 .00712	Regina, Sask.....	1124	40 .00712	.....
Kimball, Neb.....	1348	40 .00593	Brandon, Man.....	1349	40 .00593	.....
Paxton, Neb.....	1477	50 .00677	Winnipeg, Man.....	1482	40 .00540	.00137
Gibbon, Neb.....	1616	50 .00619	Kenora, Ont.....	1615	45 .00557	.00062
Valley, Neb.....	1764	50 .00567	Ignac, Ont.....	1760	45 .00511	.00056
Omaha, Neb.....	1799	50 .00556	English, Ont.....	1796	45 .00501	.00055

*Difference favor of Portland, Oregon; balance favor of Vancouver, B. C.

This is a comparative statement of fir lumber rates, Portland, compared with points equi-distant on the Canadian Pacific, from Vancouver, showing cents per hundred, and mills per ton per mile. That is a comparison on the old rate basos, taking Vancouver, British Columbia and Portland, Oregon, as a comparative point.

(Anderson exhibit 12 received in evidence, record page 67.)

ANDERSON EXHIBIT No. 12.

COMPARATIVE STATEMENT.

O. R. & N. Co.
O. S. L. R. R.
U. P. R. R.
New Rate Basis } vs. Canadian Pacific Ry.

Showing distance in miles and proposed rates on fir lumber in cents per 100 pounds and mills per ton per mile from Portland, Oregon, via O. R. & N. Co. to seventeen principal points on O. S. L. R. R. and U. P. R. R. beginning with 35 cent rate territory and extending as far east as Omaha; and from Vancouver, B. C., to seventeen principal points on Canadian Pacific Railway, situated the same relative distance from Vancouver that the O. S. L. and U. P. points are from Portland, Oregon.

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O. R. & N. vs. CANADIAN PACIFIC.

From Portland, Ore. To	Dist. in Miles.	New Basis Rate	From Vancouver To	Dist. in Miles.	Rate	Diff.
Glenns Ferry, Idaho...	571	35 .01226	Canmore, Alberta....	575	35 .01217	†.00009
Gooding, Idaho.....	607	35 .01153	Morely, Alberta.....	601	35½ .01181	*.00028
Shoshone, Idaho.....	623	35 .01124	Cochrane, Alberta....	620	36½ .01177	*.00053
Minidoka, Idaho.....	672	35 .01042	Strathmore, Alberta..	677	37 .01093	*.00051
American Falls, Idaho	705	35 .00993	Gleichen, Alberta....	698	38 .01089	*.00096
Pocatello, Idaho.....	731	35 .00958	Bassano, Alberta....	725	38½ .01062	*.00104
McCammon, Idaho....	754	40 .01061	Brooks, Alberta.....	756	39 .01032	†.00029
Lava, Idaho.....	768	40 .01042	Tilley, Alberta.....	769	40 .01040	†.00002
Collinston, Utah.....	825	40 .00970	Medicine Hat, Sask...	822	40 .00973	*.00003
Green River, Wyo....	975	45 .00923	Swift Current, Sask..	972	40 .00823	†.00100
Creston, Wyo.....	1080	47 .00870	Moose Jaw, Sask.....	1083	40 .00739	†.00131
Ft. Steele, Wyo.....	1124	47 .00836	Regina, Sask.....	1124	46 .00712	†.00124
Kimball, Neb.....	1348	50 .00742	Brandon, Man.....	1349	40 .00593	†.00149
Paxton, Neb.....	1477	55 .00745	Winnipeg, Man.....	1482	40 .00540	†.00205
Gibbon, Neb.....	1616	55 .00681	Kenora, Sask.....	1615	45 .00557	†.00124
Valley, Neb.....	1764	55 .00624	Ignac, Ont.....	1760	45 .00511	†.00113
Omaha, Neb.....	1799	55 .00611	English, Ont.....	1796	45 .00501	†.00110

*Difference favor of Portland, Ore.
†Difference favor of Vancouver, B. C.

This is the same sort of statement for the Canadian Pacific, Vancouver, B. C., versus Portland, Oregon, by the O. R. & N., new basis, cents per hundred and rate per ton per mile, Union Pacific and Short Line points.

(Anderson exhibit 13 received in evidence, record page 68.)

ANDERSON EXHIBIT No. 13.

COMPARATIVE STATEMENT.

COAST RATE BASIS.

Showing distance in miles and rates on Fir Lumber in cents per 100 pounds and mills per ton per mile from Portland, Oregon, via Northern Pacific Railway to twenty-six principal points on main line of Northern Pacific Railway, De Smet, Mont., to St. Paul, Minnesota, inclusive.

The extreme limits are shown on 35 and 40 cent territory under prevailing basis and 35, 37, 40, 45 and 50 cent territory under proposed basis; also a principal point in each territory taking a higher rate than the territory just preceding it.

Basis of comparison is N. P. Local Lumber Tariff No. 20285, I. C. C. No. B-479, De Smet to Miles City, Mont.; Tariff No. 23275, I. C. C. No. A-3095, Miles City to St. Paul, inclusive; also Transcontinental Lumber Tariff S. R. 662, I. C. C. No. 564, Butte, Mont., to St. Paul, inclusive. These cover prevailing rates, and the following cover proposed rates:

N. P. Local Lumber Tariff 24055, I. C. C. No. A-3432, De Smet, Mont., to Mont.-Dakota State Line, and G. N. Joint Lumber Tariff No. 24075, G. N. I. C. C. No. A-2667, Montana-Dakota State Line to Spiritwood, N. D.; Transcontinental Lumber Tariff S. R. 963, I. C. C. No. 850, Fargo, N. D., to St. Paul, Minn., inclusive.

Mileages in all but two instances, viz.: Homestake, Mont., and Waldon, N. D., are taken from July, 1907, Number of Official Railway Guide published by National Railway Publishing Company, No. 24 Park Place, New York; Homestake and Waldon mileage taken from N. P. Ry. Official Dist. Table No. 23300, I. C. C. No. A-3245.

NORTHERN PACIFIC.

Stations From	Dist. in Miles	Stations To	Old		New		Diff.
			Cents per 100 lbs.	Mills per ton per mile	Cents per 100 lbs.	Mills per ton per mile	
Portland, Ore.	791	De Smet, Mont.	34	.00860	35	.00885	.00025
Portland	798	Missoula, Mont.	35	.00877	35	.00877	.....
Portland	924	Butte, Mont	35	.00758	35	.00758	.....
Portland	932	Homestake	35	.00751	36	.00773	.00022
Portland	957	Whiteshall	35	.00731	37	.00773	.00042
Portland	996	Logan	35	.00703	37	.00743	.00040
Portland	1045	Livingston	35	.00669	37	.00708	.00039
Portland	1064	Springdale	35	.00658	38	.00714	.00056
Portland	1120	Columbus	35	.00625	39	.00696	.00071
Portland	1145	Laurel	35	.00611	40	.00699	.00088
Portland	1160	Billings	35	.00603	40	.00690	.00087
Portland	1173	Huntley	35	.00597	41	.00699	.00102
Portland	1213	Custer	35	.00577	42	.00692	.00115
Portland	1262	Forsythe	35	.00555	43	.00681	.00126
Portland	1307	Miles City	35	.00536	44	.00673	.00137
Portland	1386	Glendive	40	.00577	45	.00649	.00072
Portland	1427	Beach, N. D	40	.00561	45	.00631	.00070
Portland	1436	Sentinel Butte	40	.00557	46	.00641	.00084
Portland	1446	Waldon	40	.00553	47	.00650	.00097
Portland	1492	Dickinson	40	.00536	47½	.00637	.00101
Portland	1602	Bismarck	40	.00499	48½	.00605	.00106
Portland	1709	Jamestown	40	.00468	48½	.00509	.00041
Portland	1720	Spiritwood	40	.00465	50	.00581	.00116
Portland	1802	Fargo, N. D	40	.00444	50	.00555	.00111
Portland	1976	St. Cloud, Minn.	40	.00405	50	.00507	.00102
Portland	2052	St. Paul	40	.00390	50	.00487	.00097

This is a statement of fir lumber rates out of Portland on the Northern Pacific to various points as far east as St. Paul, showing the old and the new basis in cents per hundred and per ton per mile.

(Anderson exhibit 14 received in evidence, record page 68.)

ANDERSON EXHIBIT No. 14.

Portland, Ore.
Hood River, Ore.
Baker City, Ore.
vs.
Louisiana,
Texas.

Equal Mileage Basis

To Denver, Colorado.

COMPARATIVE STATEMENT.

Showing rates in cents per 100 pounds and per ton per mile on Yellow Pine Lumber from eight principal shipping points within the State of Louisiana (West of Mississippi River) and Texas, to Denver, Colo., as compared with rates on Fir and Pine Lumber to points equal distant from Portland, Hood River and Baker City, Ore., both prior and subsequent to November 1st, 1907, being designated in statement as "Old Rates" and the rates subsequent to November 1st designated as "New Rates."

Basis of Comparison is Transcontinental Freight Bureau East Bound Lumber Tariff S. R. 662, I. C. C. 564, effective April 15, 1905, and S. R. 963, I. C. C. No. 850, effective November 1st, 1907; and M. K. & T. Ry. System Tariff 2975, I. C. C. A-2103, effective 12/13/04. Texas & Paco Tariff No. 8500-H, I. C. C. No. 792, effective June 1st, 1901.

Page 2.

PORTLAND VS. TEXAS AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Denver from			From Portland on Equal Mileage Basis to				
Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. per ton mile.	Stations.	Dist. in Miles.	Basis.	Rate in cts. per 100 lbs. per ton mile.	Diff.
(B) Jacksonville, Tex	978	34 .00695	Green River, Wyo.	975	Old	40 .00821	6 .00126
					New	45 .00923	11 .00228
(B) Palestine, Tex.	1002	34 .00679	Rock Springs, Wyo.	990	Old	40 .00923	6 .00129
					New	46 .00929	12 .00250
(C) Shreveport, La	1024	34 .00664	Point of Rocks, Wyo.	1015	Old	40 .00788	6 .00129
					New	46 .00906	12 .00242
(C) Texarkana, Tex	1049	34 .00648	Bitter Creek, Wyo.	1035	Old	40 .00773	6. .00125
					New	46 .00889	12 .00241
(B) Trinity, Tex.	1067	34 .00637	Wamsutter, Wyo.	1068	Old	40 .00749	6 .00112
					New	47 .00880	13 .00243
(A) Houston, Tex.	1099	34 .00619	Rawlins, Wyo.	1109	Old	40 .00721	6 .00102
					New	47 .00848	13 .00229
(C) Alexandria, La	1156	34 .00588	Hanna, Wyo.	1149	Old	40 .00616	6 .00108
					New	48 .00836	14 .00248
(C) Donaldsville, La	1286	34 .00529	Cheyenne, Wyo.	1283	Old	40 .00624	6 .00095
					New	50 .00779	16 .00250

NOTE.

A.—International & Gr. Nor. Ry., via Ft. Worth, Tex., and F. W. & D. C. Ry.

B.—Same as above, but via Minneola, Tex., Pac. Ry., Ft. Worth and Ft. W. & D. C. Ry.

C.—Texas and Pacific Ry., via Ft. Worth, Tex., and Ft. W. & D. C. Ry.

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HOOD RIVER VS. TEXAS AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Denver from			From Hood River, Ore., on Equal Mileage Basis, to				
Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. per ton mile.	Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs. per ton mile.	Diff.
(B) Jacksonville, Fla.	978	34 .00695	Bitter Creek, Wyo.	969	Old	40 .00826	6 .00131
					New	43½ .00898	9½ .00203
(B) Palestine, Tex.	1002	34 .00679	Wamsutter, Wyo.	1002	Old	40 .00798	6 .00119
					New	44½ .00888	10½ .00209
(C) Shreveport, La.	1024	34 .00664	Creston, Wyo.	1014	Old	40 .00789	6 .00125
					New	44½ .00878	10½ .00214
(C) Texarkana, Tex.	1049	34 .00648	Rawlins, Wyo.	1043	Old	40 .00767	6 .00119
					New	44½ .00853	10½ .00205
(B) Trinity, Tex.	1067	34 .00637	Ft. Steele, Wyo.	1058	Old	40 .00756	6 .00119
					New	44½ .00841	10½ .00204
(A) Houston, Tex.	1099	34 .00619	Allen, Wyo.	1099	Old	40 .00728	6 .00109
					New	45½ .00828	11½ .00209
(C) Alexandria, La.	1156	34 .00588	Laramie, Wyo.	1160	Old	40 .00690	6 .00102
					New	46½ .00802	12½ .00214
(C) Donaldsonville, La.	1286	34 .00529	Kimball, Neb.	1282	Old	40 .00624	6 .00095
					New	47½ .00772	13½ .00243

NOTE.

A.—International and Gt. Nor. Ry., via Ft. Worth, Tex., and Ft. W. & D. C. Ry.

B.—Same as above, but via Minneola, Tex., and Tex. Pac. Ry., Ft. Worth, Tex., and Ft. W. & D. C. Ry.

C.—Texas and Pacific Ry., via Ft. Worth, Tex., and Ft. W. & D. C. Ry.

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BAKER CITY VS. HOOD RIVER AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Denver from			From Baker City, Ore., on Equal Mileage Basis to				
Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. per ton mile.	Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs. per ton mile.	Diff.
(B) Jacksonville, Fla.	978	34 .00695	Bushnell, Neb.	979	Old	35 .00705	1 .00010
					New	40 .00817	6 .00112
(B) Palestine, Tex.	1002	34 .00679	Kimball, Neb.	991	Old	35 .00706	1 .00027
					New	40 .00807	6 .00128
(C) Shreveport, La.	1024	34 .00664	Sidney, Neb.	1028	Old	35 .00706	1 .00017
					New	40 .00778	6 .00114
(C) Texarkana, Tex.	1049	34 .00648	Lodge Pole, Neb.	1046	Old	40 .00765	6 .00117
					New	43 .00822	9 .00174
(B) Trinity, Tex.	1067	34 .00637	Julesburg, Colo.	1070	Old	40 .00748	6 .00111
					New	43 .00804	9 .00167
(A) Houston, Tex.	1099	34 .00619	Ogelalla, Neb.	1100	Old	40 .00727	6 .00108
					New	43 .00782	9 .00163
(C) Alexandria, La.	1156	34 .00588	No. Platte, Neb.	1151	Old	40 .00695	6 .00107
					New	43 .00747	9 .00159
(C) Donaldsonville, La.	1286	34 .00529	Grand Island, Neb	1288	Old	40 .00621	6 .00092
					New	43 .00668	9 .00139

NOTE.

A.—International and Gt. Nor. Ry., via Ft. Worth, Tex., and Ft. W. & D. C. Ry.

B.—Same as above, but via Minneola, Tex., and Tex. Pac. Ry., Ft. Worth, Tex., and Ft. W. & D. C. Ry.

C.—Texas and Pacific Ry., via Ft. Worth, Tex., and Ft. W. & D. C. Ry.

This is a comparative statement of fir lumber rates, from Louisiana and Texas points to Denver, Colorado, as compared with rates from Portland, Hood River and Baker City to points equi-distant with the others, based on the old and the new basis, in cents per hundred and per ton per mile.

(Anderson exhibit 15 received in evidence, record page 69.)

ANDERSON EXHIBIT No. 15.

Portland, Ore., Hood River, Baker City,	Equal Mileage Basis.
vs.	
Louisiana, Texas, Georgia, Florida.	To Omaha.

COMPARATIVE STATEMENT.

Showing rates in cents per 100 pounds and per ton per mile on yellow pine lumber from eleven principal shipping points within the States of Texas, Louisiana, Georgia and Florida, to Omaha, Nebraska, as compared with rates on fir and pine lumber to points equa-distant from Portland, Hood River and Baker City, Oregon, both prior to and subsequent to November 1st, 1907; the rates prior to November 1st being designated in statement as "Old Rate" and the rates subsequent to November 1st designated as "New Rate."

Basis of Comparison is Transcontinental Freight Bureau East Bound Tariff S. R. 662, I. C. C. 564, effective April 15th, 1905, and S. R. 963, I. C. C. 850, effective November 1st, 1907; and Southern Railway Company Tariff 4542, I. C. C. No. 9265, effective March 14th, 1905, Kansas City Southern Tariff No. 216-D, I. C. C. No. 1509, effective April 1st, 1904.

PORTLAND vs. TEXAS AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Omaha, Neb., From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. and ton mile.	From Portland, Ore., Equal Mileage Basis To Stations.	Dist. in Miles.	Basis.	Rate in cts. per 100 lbs. and ton mile.	Diff.
Kansas City Southern Ry., via Kansas City, K. C., St. J. & C. B. Ry.							
					Old	35	12
Texarkana, Tex...	683	23 .00673	Minidoka, Idaho...	672		.01042	.00369
					New	35	12
						.01042	.00369
					Old	40	17
Shreveport, La....	755	23 .00609	McCammon, Idaho.	754		.01061	.00452
					New	40	40
						.01061	.00452
					Old	40	17
Mansfield, La.....	786	23 .00585	Bancroft, Idaho...	783		.01022	.00417
					New	40	17
						.01022	.00417
					Old	40	17
Bon Ami, La.....	887	23 .00519	Sage, Wyo.....	882		.00907	.00388
					New	42	19
						.00952	.00433
					Old	40	17
Beaumont, Tex...	961	23 .00479	Granger, Wyo.....	945		.00847	.00368
					New	45	22
						.00952	.00473
Houston, East and West Texas Ry., via Shreveport, K. Ct. & S. Ry., Kas. City-K. C., St. J. & C. B. Ry.							
					Old	40	17
Logansport, La...	794	23 .00579	Bancroft, Idaho...	783	New	.01022	.00423
						40	17
						.01022	.00423
					Old	40	17
Nacogdoches, Tex.	847	23 .00543	Pegram, Idaho....	847		.00945	.00402
					New	42	19
						.00992	.00449

PORTLAND vs. TEXAS AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Omaha, Neb. From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. and ton mile.	From Portland, Ore., Equal Mileage Basis To Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs and ton mile.	Diff.
					Old	40	17
Moscow, Tex.....	898	23	Salt Lake, Utah..	902		.00887	.00375
		.00512			New	40	17
						.00887	.00375
					Old	40	17
Houston, Texas...	986	23	Rock Springs, Wyo	990		.00808	.00320
		.00467			New	46	23
						.00929	.00462
Southern Ry. Co., via Louisville, Ky., and St. Louis, Mo. and Mo. Pac. Ry.							
					Old	50	19
Savannah, Ga.....	1523	31	Maxwell, Neb.....	1522		.00657	.00256
		.00401			New	55	24
						.00723	.00322
					Old	50	19
Jacksonville, Fla..	.....	31	Overton, Neb.....	1579		.00633	.00241
		.00392			New	55	24
						.00696	.00304

HOOD RIVER vs. TEXAS AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Omaha, Neb. From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. and ton mile.	From Hood River, Ore., Equal Mileage Basis To Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs. and ton mile.	Diff.
Kansas City Sou. Ry., via Kansas City and K. C. St. J. & C. B. R. R.							
					Old	40	17
						.01163	.00490
Texarkana, Tex...	683	23	McCammon, Idaho.	688	New	40	17
		.00673				.01163	.00490

HOOD RIVER vs. TEXAS AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Omaha, Neb, From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. and ton mile.	From Hood River, Ore., Equal Mileage Basis To Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs. and ton mile.	Diff.
					Old	40 .01047	17 .00438
Shreveport, La. . . .	755	23 .00609	Montpelier, Idaho. .	764	New	42 .01099	19 .00490
					Old	40 .01024	17 .00439
Mansfield, La.	786	23 .00585	Pegram, Idaho	781	New	42 .01076	19 .00491
					Old	40 .00910	17 .00391
Bon Ami, La.	887	23 .00519	Granger, Wyo.	879	New	42½ .00967	19½ .00418
					Old	40 .00819	17 .00340
Beaumont, Tex . . .	961	23 .00479	Bitter Creek, Wyo.	969	New	43½ .00898	20½ .00419
Houston, East and West Texas Ry., via Shreveport, K. C. & S. Ry., Kansas City, K. C. St. J. & C. B. Ry.							
					Old	40 .01005	17 .00426
Logansport, La. . . .	794	23 .00579	Cokeville, Wyo. . . .	796	New	42 .01055	19 .00476
					Old	40 .00952	17 .00408
Nacogdoches, Tex .	847	23 .00543	Diamondville, Wyo.	840	New	42½ .01012	19½ .00469
					Old	40 .00880	17 .00368
Moscow, Tex.	898	23 .00512	Green River, Wyo..	909	New	42½ .00935	19½ .00423

HOOD RIVER vs. TEXAS AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Omaha, Neb, From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. and ton mile	From Hood River Ore., Equal mileage Basis To Stations.	Dist. in Miles.	Basis.	Rate in cts. per 100 lbs. and ton mile.	Diff.
					Old	40 .00798	17 .00331
Houston, Tex.	986	23 .00467	Wamsutter, Wyo. .	1002	New	44½ .00888	21½ .00421
Southern Ry. Co., via Louisville, Ky., St. Louis, Mo., and Mo. Pac. Ry.							
					Old	50 .00657	19 .00256
Savannah, Ga.	1523	31 .00401	Elm Creek, Neb . . .	1522	New	55 .00723	24 .00322
					Old	50 .00633	19 .00241
Jacksonville, Fla . .	1581	31 .00392	Grand Island, Neb .	1579	New	55 .00696	.24 .00304

BAKER CITY vs. TEXAS & LOUISIANA.

EQUAL MILEAGE BASIS.

To Omaha, Neb., From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. and ton mile.	From Baker City, Ore., Equal Mileage Basis To Stations.	Dist. in Miles	Basis.	Rate in cts. per 100 lbs. per ton mile.	Diff.
Kansas City Sou. Ry. via Kansas City and K. C. St. J. & C. B. R. R.							
					Old	35 .01032	12 .00359
Texarkana, Tex. . .	683	23 .00673	Bitter Creek, Wyo.	678	New	36 .01062	13 .00389
					Old	35 .00931	12 .00322
Shreveport, La. . . .	755	23 .00609	Rawlins, Wyo.	752	New	37 .00984	14 .00375

BAKER CITY vs. TEXAS AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Omaha, Neb., From Stations	Dist. in miles.	Rate in cts. per 100 lbs. and ton mile.	From Baker City, Ore., Equal Mileage Basis, to Stations.	Dist. in miles.	Basis.	Rate in cts. per 100 lbs. and ton mile.	Diff.
Mansfield, La.	786	23 .00585	Dana, Wyo.	783	Old New	35 .00914 38 .00971	12 .00329 15 .00386
Bon Ami, La.	887	23 .00519	Hermosa, Wyo. . . .	887	Old New	35 .00789 39 .00879	12 .00270 16 .00360
Beaumont, Tex. . .	961	23 .00479	Egbert, Wyo.	958	Old New	35 .00736 40 .00835	12 .00257 17 .00356
Houston, East and West Texas Ry. via Shreveport, K. C. & St. Ry., Kas. City-K. C. St. J. & C. B. Ry.							
Logansport, La. . .	794	23 .00579	Hanna, Wyo.	792	Old New	35 .00884 38 .00960	12 .00305 15 .00381
Nacogdoches, Tex.	847	23 .00543	Lookout, Wyo. . . .	841	Old New	35 .00832 39 .00927	12 .00289 16 .00384
Moscow, Tex.	898	23 .00512	Granite Canon. . . .	907	Old New	35 .00772 39 .00860	12 .00260 16 .00348
Houston, Tex.	986	23 .00467	Kimball, Wyo.	991	Old New	35 .00706 40 .00807	12 .00239 17 .00340

BAKER CITY vs. TEXAS AND LOUISIANA.

EQUAL MILEAGE BASIS.

To Omaha, Neb., From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. and ton mile.	From Baker City, Ore., Equal Mileage Basis To Stations	Dist. in miles.	Basis.	Rate in cts. per 100 lbs and ton mile	Diff.
Southern Ry. Co., via Louisville, Ky., St. Louis, Mo. and Mo. Pac. Ry., C. & N. W. Ry.							
					Old	50	19
Savannah, Ga....	1523	31 .00401	Arcadia, Iowa.....	1526		.00655	.00254
					New	51 .00668	20 .00267
					Old	50	19
Jacksonville, Fla..	1531	31 .00392	Ogden, Iowa.....	1580		.00633	.00241
					New	53 .00674	22 .00282

This is a comparative statement of lumber rates, from Louisiana, Texas, Georgia and Florida points to Omaha, Nebraska, with rates from Portland, Hood River and Baker City on an equal mileage basis, showing the old and the new rate, in cents per hundred, and in mills per ton per mile.

(Anderson exhibit 16 received in evidence, record page 69.)

ANDERSON EXHIBIT No. 16.

Portland, Oregon Hood River, Oregon, Baker City, Oregon.	Equal Mileage Basis.
vs.	
Louisiana, Texas, Georgia, Florida.	To Chicago, Illinois.

COMPARATIVE STATEMENT.

Showing rates in cents per 100 pounds and per ton per mile on yellow pine lumber from nine principal shipping points within the State of Texas, Louisiana, Georgia and Florida, to Chicago, Ill., as compared with rates of fir and pine lumber to points equa-distant from Portland, Hood River and Baker City, Ore., both prior and subsequent to November 1st, 1907; the rates prior to November 1st being designated in Statement as "Old Rate" and the rates subsequent to November 1st designated as "New Rate."

Basis of comparison is Transcontinental Freight Bureau East Bound Lumber Tariffs S. R. 662, I. C. C. No. 564, effective August 15, 1905, and S. R. 963, I. C. C. No. 850, effective November 1st, 1907; and Southern Ry. Co. Tariff No. 4542, I. C. C. No. 9265, effective May 14, 1905, and Cotton Belt Tariff No. 4765, I. C. C. 2682, effective August 1st, 1907.

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EQUAL MILEAGE BASIS.

To Chicago, Ill., From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. per ton mile.	From Baker City, Ore., Equal Mileage Basis To Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs. per ton mile.	Diff.
St. L. & S. W. Ry., via St. Louis, and Wabash R. R.					Old	35	
						.00913	
Camden, Ark.....	768	26	Ft. Steele, Wyo....	767	New	37	
		.00677				.00965	
					Old	35	
						.00862	
Stamps, Ark.....	816	26	Med. Bow, Wyo...	812	New	38	
		.00637				.00936	
					Old	35	
						.00832	
Texarkana, Tex...	850	26	Lookout, Wyo.....	841	New	39	
		.00612				.00951	
					Old	35	
						.00789	
Shreveport, La....	882	26	Hermosa, Wyo....	887	New	39	
		.00590				.00879	
					Old	35	
						.00756	
Pittsburg, Tex....	923	26	Cheyenne, Wyo....	926	New	40	
		.00563				.00864	
					Old	35	
						.00693	
Jacksonville, Tex..	1008	26	Potter, Neb.....	1009	New	40	
		.00515				.00793	
					Old	40	
						.00727	
Monterey, Tex....	1090	26	Ogalalla, Neb.....	1100	New	43	
						.00782	
Southern Ry. Co., via Louisville, Ky., Chicago, Inds. & Lou. Ry.					Old	40	
						.00740	
Savannah, Ga.....	1086	26	Big Springs, Neb...	1081	New	43	
		.00479				.00796	
					Old	40	
						.00695	
Jacksonville, Fla...	1144	26	North Platte, Neb..	1151	New	43	
		.00455				.00747	

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EQUAL MILEAGE BASIS.

To Chicago, Ill., From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. per ton mile.	From Hood River, Ore., Equal Mileage Basis To Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs. per ton mile.	Diff.
St. L. & S. W. Ry., via St. Louis, and Wabash R. R.					Old	40 .01047	.....
Camden, Ark.....	768	26 .00677	Montpelier, Idaho..	764	New	42 .01099	.....
					Old	40 .00980	.....
Stamps, Ark.....	816	26 .00637	Sage, Wyo.....	816	New	42 .01029	.....
					Old	40 .00937	.....
Texarkana, Tex...	850	26 .00612	Opal, Wyo.....	854	New	42½ .00995	.....
					Old	40 .00910	.....
Shreveport, La....	882	26 .00590	Granger, Wyo....	879	New	42½ .009672	.....
					Old	40 .00866	.....
Pittsburg, Tex....	923	26 .00563	Rock Springs, Wyo.	924	New	43½ .00942	.....
					Old	40 .00798	.....
Jacksonville, Tex..	1008	26 .00516	Wamsutter, Wyo..	1002	New	44½ .008882	.....
					Old	40 .00727	.....
Monterey, Tex....	1090	26	Allen, Wyo.....	1099	New	45½ .00828	.....
Southern Ry. Co., via Louisville, Ky., Chicago, Inds. & Lou. R. R.					Old	40 .00739	.....
Savannah, Ga.....	1086	26 .00479	Hanna, Wyo.....	1083	New	45½ .008392	.....
					Old	50 .00690	.....
Jacksonville, Fla..	1144	26 .00455	Laramie, Wyo.....	1160	New	46½ .00802	.....

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EQUAL MILEAGE BASIS.

To Chicago, Ill., From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. per ton mile.	From Portland, Ore., Equal Mileage Basis To Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs. per ton mile.	Diff.
St. Louis & S. W. Ry., via St. Louis, and Wabash R. R.					Old	40	.....
						.01041	.....
Camden, Ark.....	768	26	Lava, Idaho.....	768	New	40	.....
		.00677				.01041	.....
					Old	40	.....
						.00964	.....
Stamps, Ark.....	816	26	Montpelier, Idaho..	830	New	42	.....
		.00637				.01012	.....
					Old	42	.....
						.00945	.....
Texarkana, Tex...	850	26	Pegram, Idaho....	847	New	42	.....
		.00612				.00992	.....
					Old	40	.....
						.00907	.....
Shreveport, La....	882	26	Sage, Wyo.....	882	New	42	.....
		.00590				.00952	.....
					Old	40	.....
						.00870	.....
Pittsburg, Tex....	923	26	Opal, Wyo.....	920	New	44	.....
		.00563				.00956	.....
					Old	40	.....
						.00808	.....
Jacksonville, Tex..	1008	26	Rock Springs, Wyo.	990	New	46	.....
		.00516				.00929	.....
					Old	40	.....
						.00741	.....
Monterey, Tex....	1090	26	Creston, Wyo.....	1080	New	47	.....
						.00870	.....
Southern Ry. Co., via Louisville, Ky., Chicago, Inds. & Lou. Ry.					Old	40	.....
						.00741	.....
Savannah, Ga.....	1086	26	Creston, Wyo.....	1080	New	47	.....
		.00479				.00870	.....
					Old	40	.....
						.00702	.....
Jacksonville, Fla..	1144	26	Dana, Wyo.....	1140	New	48	.....
		.00455				.00842	.....

This is a comparative statement of the rates on lumber from Louisiana and Texas, Georgia and Florida points, to Chicago, Illinois, as against Portland, Hood River and Baker City on an equal mileage basis, showing rates, in cents per hundred and per ton per mile, both old and new.

By an equal mileage basis, I mean that the rates out of Portland, Hood River and Baker City are the same distance from those respective points as Chicago is from the Louisiana, Texas, Georgia and Florida points that I have.

I have a statement comparing rates from Hood River to Chicago with the Southern points.

(Anderson exhibit 17 received in evidence, record page 70.)

(ANDERSON EXHIBIT NO. 17)

Portland, Oregon,
Hood River, Oregon,
Baker City, Oregon,
} Equal Mileage Basis
Yellow Pine.

vs.

Louisiana,
Texas,
Georgia,
Florida.
} To Kansas City.

COMPARATIVE STATEMENT.

Showing rates in cents per 100 lbs. and per ton per mile on yellow pine lumber from seven principal shipping points within the states of Texas, Louisiana, Georgia and Florida, to Omaha, Nebraska, as compared with rates on fir and pine lumber to points equidistant from Portland, Hood River and Baker City, Ore., both prior and subsequent to Nov. 1st, 1907; the rates prior to Nov. 1st being designated in statement as "Old Rate" and the rates subsequent to Nov. 1st designated as "New Rate."

Basis of comparison is Trancontinental Freight Bureau East Bound Lumber Tariffs S. R. 662, I. C. C. 564, effective April 15th, 1905, and S. R. 963, I. C. C. 850, effective Nov. 1st, 1907; and So. Ry. Co. Tariff 4542-I. C. C. No. 9265, effective March 14, 1905; Kas. City Southern Lumber Tariff No. 216-D I. C. C. No. 1509, effective April 1st, 1904.

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YELLOW PINE—EQUA DISTANT.

To Kansas City, Mo. From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. per ton mile.	From Portland, Ore., (Equa distant) To Stations.	Dist. in Miles.	Basis.	Rate in cts. per 100 lbs. per ton mile.	Diff.
Kansas City Southern Ry.							
			Medbury, Idaho...	559	Old	35 .01252	
Shreveport, La....	560	23 .00823			New	35 .01252	12 .00429
			Gooding, Idaho....	607	Old	35 .01153	
Converse, La.....	610	23 .00754			New	35 .01153	12 .00399
			Wapi, Idaho.....	688	Old	35 .01017	
Bon Ami, La.....	692	23 .00754			New	35 .01017	12 .00353
			Pocatello, Idaho...	731	Old	35 .00958	
Lake Charles, La..	742	23 .00620			New	35 .00958	12 .00338
			Bancroft, Idaho...	783	Old	35 .00894	12 .00309
Port Arthur, La...	786	23 .00585			New	40 .01022	17 .00437
Southern Ry.							
			Egbert, Wyo.....	1315	Old	40 .00608	10 .00153
Savannah, Ga.....	1318	30 .00455			New	50 .00760	20 .00305
			Brownson, Neb....	1377	Old	40 .00581	10 .00145
Jacksonville, Fla..	1376	30 .00436			New	50 .00719	20 .00273

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YELLOW PINE—EQUA DISTANT.

To Kansas City, Mo. From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. per ton mile.	From Hood River, Ore., (Equa distant) To Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs. per ton mile.	Diff.
Kansas City Southern Railway.							
			Shoshone, Idaho...	557	Old	35 .01257	
Shreveport, La....	560	23 .00823			New	35 .01257	12 .00434
			Minidoka, Idaho...	606	Old	35 .01155	
Converse, La.....	610	23 .00754			New	35 .01155	12 .00401
			McCammon, Iowa .	688	Old	40 .01163	
Bon Ami, La	692	23 .00664			New	40 .01163	17 .00499
			Soda Springs, Idaho.....	733	Old	40 .01091	17 .00471
Lake Charles, La..	742	23 .00620			New	41 .01119	18 .00499
			Pegram, Idaho....	781	Old	40 .01024	17 .00439
Port Arthur, La...	786	23 .00585			New	42 .01076	19 .00491
Southern Railway.							
			Sidney, Neb.....	1319	Old	40 .00607	10 .00152
Savannah, Ga.....	1318	30 .00455			New	47½ .00720	17½ .00265
			Big Springs, Neb..	1372	Old	45 .00656	15 .00220
Jacksonville, Fla..	1376	30 .00436			New	52½ .00765	22½ .00329

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YELLOW PINE—EQUA DISTANT.

To Kansas City, Mo. From Stations.	Dist. in Miles.	Rate in cts. per 100 lbs. per ton mile.	From Baker City, Ore., (Equa distant) To Stations.	Dist. in Miles.	Basis	Rate in cts. per 100 lbs. per ton mile.	Diff.
Kansas City Southern Ry.							
			Opal, Wyo.	563	Old	30	7
						.01066	.00243
Shreveport, La.	560	23			New	34	11
		.00823				.01208	.00385
			Green River	618	Old	35	12
						.01133	.00379
Converse, La.	610	23			New	35	12
		.00754				.01133	.00368
			Bitter Creek	678	Old	35	12
						.01032	.00368
Bon Ami, La.	692	23			New	36	13
		.00664				.01062	.00398
			Rawlins	752	Old	35	12
						.00904	.00284
Lake Charles, La.	742	23			New	37	14
		.00620				.00984	.00364
			Dana, Wyo.	783	Old	35	12
						.00893	.00308
Port Arthur, La.	786	23			New	38	15
		.00585				.00958	.00373
Southern Railway.							
			Clarks, Neb.	1321	Old	40	10
						.00606	.00151
Savannah, Ga.	1318	30			New	43	13
		.00455				.00651	.00196
			Rogers, Neb.	1374	Old	40	10
						.00582	.00146
Jacksonville, Fla.	1376	30			New	43	13
		.00436				.00626	.00190

It is a comparative statement on an equal mileage basis from Louisiana, Texas, Georgia and Florida points to Kansas City, as against rates from Portland, Hood River and Baker City, both old and new basis, in cents per hundred and per ton per mile.

(Anderson exhibit 18 received in evidence, record page 71.)

(ANDERSON EXHIBIT 18)

Yellow Pine vs. Fir Lumber } To Denver, Omaha, Kansas City, Chicago.

COMPARATIVE STATEMENT.

Showing mileage and rates in cents per 100 lbs. and per ton per mile on yellow pine lumber from Louisiana and Florida to Denver, Omaha, Kansas City and Chicago, as compared with past and present rates on fir lumber from Portland, Hood River and Baker City or Elgin to Denver, Omaha, Kansas City and Chicago.

Basis of comparison is Trans-Continental Freight Bureau East Bound Lumber Tariff S. R. 963, I. C. C. No. 850 effective November 1, 1907, S. R. 662, I. C. C. No. 564 effective April 15, 1905, and Southern Railway Co. Western Lumber Tariff No. One, I. C. C. No. 9265 effective March 14, 1905, Kansas City Southern Ry. Lumber Tariff No. 216-D, I. C. C. No. 1509 effective April 1, 1904, and Texas and Pacific Lumber Tariff No. 8500-H, I. C. C. No. 792 effective June 1, 1901.

Mileage compiled from July, 1907, number of Official Railway Guide published by National Railway Publication Co., No. 24 Park Place, New York.

TO DENVER, COLORADO.

From	Dist.	Rate in Cts. 100 lb		From	Dist.	Rate in Cts. 100 lb		Diff.
Texas & Pacific Ry.				Baker City, Ore.	1033	Old 35	.00678	1 .00090
Via Ft. Worth, Ft W.& D.C.Ry.						New 40	.00775	6 .00187
Alexandria, La.	1156	34	.00588	Hood River, Ore.	1324	Old 40	.00604	6 .00016
						New 47½	.00718	13½ .00130
Donaldsonville, La.	1286	34	.00529	Portland, Ore.	1390	Old 40	.00576	6 .00047
						New 50	.00719	16 .00190

TO OMAHA, NEBRASKA.

From	Dist.	Rate in Cts. 100 lb	T.M.	From	Dist.	Rate in Cts. 100 lb	T.M.	Diff.
Southern Ry. Co.				Portland, Ore.	1799	Old 50	.00556	19 .00164
Via Louisville and St. Louis						New 55	.00611	24 .00219
Mo. Pac. Ry.				Hood River, Ore.	1733	Old 50	.00519	19 .00127
Jacksonville, Fla.	1581	31	.00392			New 52½	.00606	21½ .00214
Savannah, Ga.	1523	31	.00401	Elgin, Ore.	1515	Old 40	.00528	9 .00127
						New 43	.00568	12 .00167

TO KANSAS CITY, MISSOURI.

Southern Ry. Co.				Portland, Ore.	2030	Old 50	.00492	20 .00049
Via Louisville and St. Louis						New 55	.00542	25 .00099
Mo. Pac. Ry Jacksonville, Fla.	1376	30	.00443	Hood River, Ore.	1964	Old 50	.00509	20 .00066
						New 52½	.00535	22½ .00092
Savannah, Ga.	1318	30	.00455	Baker City, Ore.	1673	Old 40	.00477	10 .00022
						New 43	.00514	13 .00059

TO CHICAGO, ILLINOIS.

From	Dist.	Rate in Cts.		From	Dist.	Rate in Cts.		Diff.
		100 lb	T. M.			100 lb	T. M.	
Southern Ry. Co.	.....	.....	.....	Portland, Ore.	2292	Old		24
						50	.00436	.....
Via Louisville, Ky						New		34
						60	.00524	.00069
Chgo. Inds. & Lou Ry.								
Jacksonville, Fla.	1144	26	.00455	Hood River, Ore.	2226	Old		24
						50	.00499	.00044
						New		31½
						57½	.00512	.00057
Savannah, Ga.	1086	26	.00479	Baker City, Ore.	1935	Old		24
						50	.00517	.00038
						New		27
						53	.00548	.00069

Number 18 is a comparative statement from points in Louisiana, Georgia and Florida, to Denver, Omaha, Kansas City, and Chicago, as against rates from Portland, Baker City and Hood River to those same points, the old and the new basis, cents per hundred and per ton per mile.

(Anderson exhibit 19 received in evidence, record page 71.)

(ANDERSON EXHIBIT NO. 19)

WHITE PINE.

Hermansville Wisconsin	Soo Line Local
vs.	
Portland Hood River Baker City	Equa distant.

COMPARATIVE STATEMENT.

Showing mileages and rates in cents per 100 lbs. and per ton per mile on White Pine Lumber from Hermansville, Wisconsin, to seventeen stations on Soo Line in Minnesota and North Dakota as compared with rates on fir and pine lumber to the same number of points equal distance from Portland, Hood River and Baker City, Oregon.

Basis of comparison is Minneapolis, St. Paul and Sault Ste. Marie Railway Company's Lumber, Lath and Shingle Tariff G. F. D. No. 7031, I. C. C. No. 1960 effective June 11, 1907, and Trans-Continental Freight Bureau East Bound Lumber Tariff S. R. 963, I. C. C. No. 850 effective November 1, 1907.

Mileages are taken from July, 1907, number of the Official Railway Guide, published by the National Railway Publication Co., No. 24 Park Place, New York.

WHITE PINE—EQUA DISTANT.
SOO LINE LOCAL vs. O. R. & N.

From Hermansville, Wisconsin, To (Equa distant)				From Portland, Oregon, To (Equa distant)				
Stations	Dist.	Rate in Cts.		Stations	Dist.	Rate in Cts.		Diff.
		100 lb	T.M.			B.S.	T.M.	
Paynesville,Minn.	404	10½	.00520	Huntington, Ore.	404	Old	25 .01238	14½
						New	25 .01238	.00718
Belgrade, Minn...	419	11	.00525	Weiser, Idaho....	427	Old	31 .01452	20 .00927
						New	30 .01405	19 .00880
Lowry, Minn.....	450	12	.00533	Arcadia, Ore.....	451	Old	35 .01552	23
						New	33 .01463	.01019
Elbow Lake,Minn	481	12½	.00520	Caldwell, Idaho..	477	Old	35 .01468	21 .00930
						New	35 .01468	22½ .00948
Nashau, Minn....	498	13	.00522	Mora, Idaho.....	500	Old	35 .01400	22
						New	35 .01400	.00878
Fairmont, N. D..	512	13½	.00527	Orchard.....	520	Old	35 .01346	21½
						New	35 .01346	.00839
Handkinson,N.D	527	15½	.00579	Orchard.....	520	Old	35 .01346	19½
						New	35 .01346	.00767
Wyndmere,N.D..	544	16	.00588	Mt. Home.....	541	Old	35 .01294	19
						New	35 .01294	.00706

WHITE PINE—EQUA DISTANT.
SOO LINE LOCAL vs. O. R. & N.

From Hermansville, Wisconsin, To (Equa distant)				From Portland, Oregon, To (Equa distant)				
Stations	Dist.	Rate in Cts.		Stations	Dist.	Rate in Cts.		Diff.
		100 lb	T.M.			B.S.	T.M.	
Lucca, N. D.....	585	17	.00581	Bliss, Idaho.....	594	Old	35 .01180	18
						New	35 .01180	.00599
Valley City.....	608	20	.00787	Gooding, Idaho...	607	Old	35 .01153	15
						New	35 .01153	.00366
Rogers, N. D....	622	21	.00675	Shoshone, Idaho..	623	Old	35 .01124	14
						New	35 .01124	.00449
Leal, N. D.....	628	22	.00701	Shoshone, Idaho..	623	Old	35 .01124	13
						New	35 .01124	.00423
Carrington,N.D..	673	23	.00684	Mindoka, Idaho..	673	Old	35 .01042	12
						New	35 .01042	.00358
Fessenden,N.D...	701	24	.00685	American Falls...	705	Old	35 .00993	11
						New	35 .00993	.00308
Anamoose.....	734	25	.00681	Pocatello.....	731	Old	35 .00958	10
						New	35 .00958	.00277
Minot, N. D.....	790	25	.00633	Bancroft.....	783	Old	40 .01022	15
						New	40 .01022	.00389

WHITE PINE—EQUA DISTANT.
SOO LINE LOCAL vs. O. R. & N.

From Hermansville, Wisconsin, To (Equa distant)				From Baker City, Oregon, To (Equa distant)				
Stations	Dist.	Rate in Cts.		Stations	Dist.	Rate in Cts.		Diff.
		100 lb	T.M.			B.S.	T.M.	
Paynesville,Minn.	404	10½	.00520	McCammon.....	397	Old	30 .01511	19½
						New	30 .01511	.00991
Belgrade, Minn...	419	11	.00525	Bancroft.....	426	Old	30 .01409	19
						New	30 .01409	.00884
Lowry, Minn.....	450	12	.00533	Soda Springs.....	442	Old	30 .01357	18 .00824
						New	31 .01403	19 .00870
ElbowLake,Minn	481	12½	.00520	Pegram.....	490	Old	30 .01224	17½ .00702
						New	32 .01306	18 .00786
Nashua, Minn....	498	13	.00522	Cokeville.....	505	Old	30 .01188	17 .00666
						New	32 .01267	18 .00745
Fairmont, N. D..	512	13½	.00527	Cokeville.....	505	Old	30 .01188	16½ .00661
						New	32 .01267	18½ .00740
Handkinson, N.D.	527	15½	.00579	Sage.....	525	Old	30 .01143	14½ .00564
						New	32 .01219	16½ .00640
Wyndmere,N.D..	544	16	.00588	Kemmerer.....	548	Old	30 .01095	14 .00507
						New	33 .01204	17 .00616
Lucca, N. D.....	585	17	.00581	Granger.....	588	Old	30 .01020	13 .00439
						New	35 .01190	18 .00609

WHITE PINE—EQUA DISTANT.
SOO LINE LOCAL vs. O. R. & N.

From Hermansville, Wisconsin, To (Equa distant)				From Baker City, Oregon, To (Equa distant)				
Stations	Dist.	Rate in Cts.		Stations	Dist.	Rate in Cts.		Diff.
		100 lb	T.M.			B.S.	T.M.	
Valley City	608	20	.00787	Green River	618	Old	35 .01133	15 .00346
						New	35 .01133	15 .00346
Rogers, N. D.	622	21	.00675	Green River	618	Old	35 .01133	14
						New	35 .01133	.00458
Leal, N. D.	628	22	.00701	Rock Springs	633	Old	35 .01106	13 .00405
						New	36 .01137	14 .00436
Carrington, N.D.	673	23	.00684	Bitter Creek	678	Old	35 .01032	12 .00348
						New	36 .01062	13 .00378
Fessenden, N.D.	701	24	.00685	Wamsutter	711	Old	35 .00985	11 .00300
						New	37 .01041	13 .00356
Anamose, N. D.	734	25	.00681	Creston	723	Old	35 .00968	10 .00287
						New	37 .01023	12 .00342
Minot, N. D.	790	25	.00633	Hanna	792	Old	35 .00884	10 .00251
						New	38 .00959	13 .00326
Portland	871	25	.00574	Laramie	869	Old	35 .00805	10 .00231
						New	39 .00898	14 .00324

WHITE PINE—EQUA DISTANT.
SOO LINE LOCAL vs. O. R. & N.

From Hermansville, Wisconsin, To (Equa distant)				From Hood River, Oregon, To (Equa distant)				
Stations	Dist.	Rate in Cts.		Stations	Dist.	Rate in Cts.		Diff.
		100 lb	T.M.			B.S.	T.M.	
Paynesville,Minn	404	10½	.00520	Notus	404	Old	35 .01732	24½
						New	35 .01732	.01212
Belgrade, Minn	419	11	.00525	Nampa	420	Old	35 .01667	24
						New	35 .01667	.01142
Lowry, Minn	450	12	.00533	Orchard	454	Old	35 .01542	23
						New	35 .01542	.01009
ElbowLake,Minn	481	12½	.00520	Mt. Home	475	Old	35 .01474	
						New	35 .01474	22½ .00954
Nashua, Minn	498	13	.00522	Medbury	493	Old	35 .01420	
						New	35 .01420	22 .0089
Fairmont, N. D	512	13½	.00527	Glenns Ferry	505	Old	35 .01386	
						New	35 .01386	21½ .00759
Handkinson,N.D	527	15½	.00579	Bliss	528	Old	35 .01326	
						New	35 .01326	19½ .00747
Wyndmere, N. D	544	16	.00588	Gooding	541	Old	35 .01294	
						New	35 .01294	19 .00706
Lucca, N. D	585	17	.00581	Kimama	589	Old	35 .01196	
						New	35 .01196	18 .00615

WHITE PINE—EQUA DISTANT.
SOO LINE LOCAL vs. O. R. & N.

From Hermansville, Wisconsin, To (Equa distant)				From Hood River, Oregon, To (Equa distant)				
Stations	Dist.	Rate in Cts.		Stations	Dist.	Rate in Cts.		Diff.
		100 lb	T.M.			B.S.	T.M.	
Valley City	608	'20	.00787	Minidoka	606	Old	35 .01155	
						New	35 .01155	15 .00368
Rogers, N. D	622	21	.00675	Wapi	622	Old	35 .01125	
						New	35 .01125	14 .00440
Leal, N. D.	628	22	.00701	Wapi	622	Old	35 .01125	
						New	35 .01125	11 .00424
Carrington, N.D.	673	23	.00684	Pocatello	665	Old	35 .01053	
						New	35 .01053	12 .00369
Fessenden, N.D.	701	24	.00685	Lava	702	Old	40 .01140	
						New	40 .01140	16 .00455
Anamose, N. D.	734	25	.00681	Soda Springs	733	Old	40 .01091	15 .00410
						New	41 .01118	16 .00437
Minot, N. D	790	25	.00633	Cokeville, Wyo.	796	Old	40 .01005	15 .00372
						New	42 .01055	17 .00422
Portland, N. D.	871	25	.00574	Granger	879	Old	40 .00910	15 .00336
						New	42½ .00967	17½ .00393

This is a comparative statement on an equi-distant basis, showing rates from Hermansville, Wisconsin, on the Soo Line to local points on that same line, as compared with rates from Portland, Hood River and Baker City, in cents per hundred and in mills per ton per mile, both old and new basis.

(Anderson exhibit 20 received in evidence, record page 72.)

ANDERSON EXHIBIT No. 20.

WHITE PINE.

Hermansville, Wisconsin—Soo Line Foreign.

vs.

Portland
Hood River
Baker City
} Equa Distant.

COMPARATIVE STATEMENT.

Showing mileages and rates in cents per 100 lbs. and per ton per mile on White Pine Lumber from Hermansville, Wisconsin, on Soo Line to eight principal points in the several states of South Dakota, Iowa, Nebraska, Kansas and Missouri, as compared with rates on fir and pine lumber to points of equal distance from Portland, Hood River and Baker City, Oregon.

Basis of comparison is Minneapolis, St. Paul and Sault Ste. Marie Ry. Co's Joint Lumber Tariff G. T. & D. No. 4801, I. S. C. C. No. 1249, effective June 1st, 1904, and Trans-Continental Freight Bureau East-bound Lumber Tariff S. R. 622, I. C. C. No. 564, effective April 15, 1905, and S. R. No. 963, I. C. C. No. 850, effective November 1, 1907.

Mileages are taken from July 1907, number of the Official Railway Guide, published by the National Railroad Publication Co., No. 24 Park Place, New York.

WHITE PINE—EQUA DISTANT.

SOO LINE FOREIGN vs. O. R. & N. Co.

From Hermansville, Wisconsin To			From Portland, Oregon To (Equa Distant.)				
STATIONS.	Dist. in miles	Rate in cts. per 100 lbs. per ton mile	STATIONS.	Dist. in miles	Basis	Rate in cts. per 100 lbs. per ton mile	Diff.
Via C. & N. W. Ry							
					Old	35 .01124	17 .00541
Des Moines, Iowa..	617	18 .00583	Shoshone, Idaho...	623	New	35 .01124	
					Old	35 .01179	
Watertown, S. D..	587	21.5 .00808	Bliss, Idaho.....	594	New	35 .01179	13.5 .00371
					Old	35 .01017	
Omaha, Neb.....	682	22.5 .00660	Wapi, Idaho.....	688	New	35 .01017	13.5 .00357
Via C. & N. W.-K. C. St. J. & C. B.							
					Old	40 .01001	17.5 .00446
St. Joe, Mo.....	811	22.5 .00555	Soda Springs.....	799	New	41 .01026	18.5 .00471
					Old	40 .00945	17.5 .00414
Leavenworth, Kas.	847	22.5 .00531	Pegram.....	847	New	42 .00992	19.5 .00461
					Old	40 .00907	17.5 .00392
Kansas City, Mo...	874	22.5 .00515	Sage.....	882	New	42 .00952	19.5 .00437
Via C. B. & Q.							
					Old	35 .01042	17.5 .00523
Burlington, Iowa..	675	17.5 .00519	Minidoka, Idaho...		New	35 .01042	
					Old	40 .00894	20.5 .00359
St. Louis, Mo.....	897	19.5 .00435	Fossil, Wyo.....		New	42 .00939	22.5 .00494

WHITE PINE—EQUA DISTANT.

SOO LINE FOREIGN vs. O. R. & N. Co.

From Hermansville, Wisconsin, To (Equa Distant)			From Hood River, Oregon, To (Equa Distant.)				
STATIONS	Dist. in miles	Rate in cts. per 100 lbs. per ton mile	STATIONS	Dist. in miles	Basis	Rate in cts. per 100 lbs. per ton mile	Diff.
Via C. & N. W. Ry.					Old	35 .01125	
Des Moines, Iowa..	617	18 .00583	Wapi, Idaho.....	622	New	35 .01125	17 .00542
					Old	35 .01188	13.5 .00380
Watertown, S. D..	587	21.5 .00808	Kimama, Idaho...	589	New	35 .01188	17.5 .00480
					Old	35 .01188	
Omaha, Neb.....	682	22.5 .00660	McCammon, Idaho.	688	New	35 .01188	17.5 .00480
Via C. & N. W.-K. C. St. J. & C. B.					Old	40 .00980	17.5 .00425
St. Joe, Mo.....	811	22.5 .00555	Sage.....	816	New	42 .01029	19.5 .00474
					Old	40 .00937	17.5 .00406
Leavenworth, Kas.	847	22.5 .00531	Opal, Wyo.....	854	New	42.5 .00995	20 .00464
					Old	40 .00910	17.5 .00395
Kansas City, Mo...	874	22.5 .00515	Granger, Wyo.....	879	New	42.5 .00967	20 .00452
Via C. B. & Q.					Old	35 .01053	
Burlington, Iowa..	675	17.5 .00519	Pocatello, Idaho...	665	New	35 .01053	17.5 .00534
					Old	40 .00880	20.5 .00445
St. Louis, Mo.....	897	19.5 .00435	Green River, Wyo.	909	New	42.5 .00934	23 .00499

WHITE PINE—EQUA DISTANT,
SOO LINE FOREIGN vs. O. R. & N. CO.

From Hermansville, Wisconsin, To (Equa Distant)			From Baker City, Oregon To (Equa Distant.)				
STATIONS.	Dist. in miles	Rate in cts. per 100 lbs. per ton mile	STATIONS.	Dist. in miles	Basis	Rate in cts. per 100 lbs. per ton mile	Diff.
Via C. & N. W. Ry.					Old	35 .01133	
Des Moines, Iowa..	617	18 .00583	Green River, Wyo.	618	New	35 .01133	17 .00550
					Old	30 .01020	8.5 .00212
Watertown, S. D..	587	21.5 .00808	Granger, Wyo.....	588	New	35 .01190	13.5 .00382
					Old	35 .01032	12.5 .00372
Omaha, Neb.....	682	22.5 .00660	Bitter Creek, Wyo.	678	New	36 .01062	13.5 .00402
Via C. & N. W.-K. C. St. J. & C. B.					Old	35 .00862	12.5 .00207
St. Joe, Mo.....	811	22.5 .00555	Medicine Bow, Wyo	812	New	38 .00936	15.5 .00381
					Old	35 .00832	12.5 .00301
Leavenworth, Kas.	847	22.5 .00531	Lookout, Wyo....	841	New	39 .00927	16.5 .00396
					Old	35 .00805	12.5 .00290
Kansas City, Mo...	874	22.5 .00515	Laramie, Wyo.....	869	New	39 .00898	16.5 .00383
Via C. B. & Q.					Old	35 .01032	17.5 .00513
Burlington, Iowa..	675	17.5 .00519	Bitter Creek, Wyo.	678	New	36 .01062	18.5 .00543
					Old	35 .00772	15.5 .00337
St. Louis, Mo.....	897	19.5 .00435	GraniteCanon, Wyo	907	New	39 .00860	19.5 .00425

This is a comparative statement showing the lumber rates from Hermansville, on the Soo Line, to points in Iowa, Dakota, Nebraska, Kansas and Missouri, as compared with points equi-distant from Portland, Hood River and Baker City, both old and new basis, in cents per hundred and mills per ton per mile.

(Anderson exhibit 21 received in evidence, record page 72.)

ANDERSON EXHIBIT No. 21.

DIFFERENTIAL STATEMENT.

COAST VS. SPOKANE RATE.

Tariffs S. R. 662 and 963 Comparisons.
I. C. C. 564 and I. C. C. 850.

Showing an increased differential in favor of Spokane basing points to various receiving points, the principal of which are as follows:

Chicago, Mississippi River and St. Louis Common points, an increase of 5c. per 100 lbs. on shingles, Cedar, Fir, Hemlock, Spruce and Larch lumber.

To Omaha and Common points, an increase of 5c. per 100 lbs. on shingles.

To Kansas City and Common points, an increase of 5c. per 100 lbs. on shingles, Fir, Hemlock, Spruce and Larch lumber.

To Denver, Cheyenne and Common points, an increase of 5c. per 100 lbs. on shingles, Pine, Fir, Hemlock, Spruce and Larch lumber.

To Salt Lake City and Common points, an increase of 5c. per 100 lbs. on Cedar lumber.

There is also an increase to various other points too numerous to mention, but which can be readily ascertained by comparing the tariffs.

STATEMENT SHOWING DIFFERENTIAL BETWEEN PORTLAND AND SPOKANE RATE BASIS AND FAVORABLE TO SPOKANE.

COMMODITY.	TO CHICAGO.						TO ST. LOUIS.					
	OLD RATE.			NEW RATE.			OLD RATE.			NEW RATE.		
	Port.	Spok.	Diff.	Port.	Spok.	Diff.	Port.	Spok.	Diff.	Port.	Spok.	Diff.
A. Shingles	60	60	.....	70	65	05	62.5	62.5	.....	70	65	05
B. Cedar Lumber	60	55	05	70	60	10	62.5	57.5	05	70	60	10
C. Pine Lumber	60	50	10	60	55	05	62.5	52.5	10	60	55	05
D. Fir, Hemlock, Larch, Spruce	50	50	.....	60	55	05	52.5	52.5	.....	60	55	05
E. Long Timbers	60	55	05	70	65	05	62.5	57.5	05	70	65	05
	TO ST. PAUL.						TO OMAHA.					
Commodity												
A. Shingles	50	50	.....	60	55	05	60	60	.....	65	60	05
B. Cedar Lumber	50	45	05	50	50	.....	60	50	10	65	55	10
C. Pine Lumber	50	40	10	50	45	05	55	45	10	55	50	05
D. Fir, Hemlock, Larch, Spruce	40	40	.....	50	45	05	50	45	05	55	50	05
E. Long Timbers	50	45	05	60	55	05	60	55	05	65	60	05
	TO KANSAS CITY.						TO DENVER.					
Commodity												
A. Shingles	60	60	.....	65	60	05	50	50	.....	60	55	05
B. Cedar Lumber	60	50	10	65	55	10	50	40	10	60	50	10
C. Pine Lumber	55	50	05	55	50	05	40	40	.....	50	45	05
D. Fir, Hemlock, Larch, Spruce	50	50	.....	55	50	05	40	40	.....	50	45	05
E. Long Timbers	60	55	05	65	60	05	50	45	05	60	55	05
	TO SALT LAKE CITY.											
Commodity												
A. Shingles	40	40	.....	50	50	.....	.....	.....	.....	.....	.....	.....
B. Cedar Lumber	40	40	.....	50	45	05	.....	.....	.....	.....	.....	.....
C. Pine Lumber	40	40	.....	40	40	.....	.....	.....	.....	.....	.....	.....
D. Fir, Hemlock, Larch, Spruce	40	40	.....	40	40	.....	.....	.....	.....	.....	.....	.....
E. Long Timbers	40	40	.....	50	50	.....	.....	.....	.....	.....	.....	.....

This is a statement showing the differentials existing between the rates in effect from Spokane and from Portland, to Chicago, St. Louis, St. Paul, Omaha, Kansas City, Denver and Salt Lake City, both on the old and new basis.

(Anderson exhibit 22 received in evidence, record page 73.)

ANDERSON EXHIBIT No. 22.

DIFFERENTIAL STATEMENT.

COAST VS. MONTANA–OREGON RATE.

Tariff S R 662 and 963 Comparisons.
I. C. C. No. 564 and I. C. C. No. 850.

Showing an increased differential in favor of Montana-Oregon basing points to various receiving points, the principal of which are as follows:

To Chicago, Mississippi River Common points, an increase of 7c. per 100 on shingles, cedar lumber and fir, hemlock, larch and spruce lumber.

To St. Louis Common points, an increase of 7½c. per 100 lbs. on shingles and 4½c. on Cedar lumber, and Fir, Hemlock, Larch and Spruce lumber, and 2½c. on long timbers.

To Omaha and Common points, an increase of 12c. per 100 lbs. on shingles, and 2c. on Cedar, Pine, Fir, Hemlock and Spruce lumber and 7c. on long timbers.

To Kansas City and Common points, an increase of 12c. per 100 lbs. on shingles, and 2c. on Cedar, Fir, Hemlock, Spruce and Larch lumber and 7c. on long timbers.

To Denver, Cheyenne and Common points, an increase of 10c. per 100 lbs. on shingles and 5c. on Pine, Fir, Hemlock, Spruce and Larch lumber.

To Salt Lake City and Common points, an increase of 5c. per 100 lbs. on Cedar lumber.

There is also an increase to various other points too numerous to mention, but which can be readily ascertained by comparing the tariffs.

STATEMENT SHOWING DIFFERENTIAL BETWEEN PORTLAND AND MONTANA-OREGON RATE BASIS

COMMODITY.	TO CHICAGO.						TO ST. LOUIS.					
	OLD RATE.			NEW RATE.			OLD RATE.			NEW RATE.		
	Port.	Mont.Ore.	Diff.	Port.	Mont.Ore.	Diff.	Port.	Mont.Ore.	Diff.	Port.	Mont.Ore.	Diff.
A. Shingles	60	60	.....	70	63	07	62.5	62.5	.....	70	62.5	7.5
B. Cedar Lumber	60	55	05	70	58	12	62.5	54.5	08	70	57.5	12.5
C. Pine Lumber	60	50	10	60	53	07	62.5	49.5	13	60	52.5	7.5
D. Fir, Hemlock, Larch, Spruce	50	50	.....	60	53	07	52.5	49.5	03	60	52.5	7.5
E. Long Timbers	60	55	05	70	63	07	62.5	57.5	05	70	62.5	7.5
	TO OMAHA, NEB.						TO KANSAS CITY, MO.					
Commodity												
A. Shingles	60	60	.....	65	53	12	60	60	.....	65	53	12
B. Cedar Lumber	60	45	15	65	48	17	60	45	15	65	48	17
C. Pine Lumber	55	40	15	55	43	12	55	40	15	55	43	12
D. Fir, Hemlock, Larch, Spruce	50	40	10	55	43	12	50	40	10	55	43	12
E. Long Timbers	60	55	05	65	53	12	60	55	05	65	53	12
	TO DENVER, COLO.						TO SALT LAKE CITY.					
Commodity												
A. Shingles	50	50	.....	60	50	10	40	30	10	50	40	10
B. Cedar Lumber	50	35	15	60	45	15	40	30	10	50	35	15
C. Pine Lumber	40	35	05	50	40	10	40	30	10	40	30	10
D. Fir, Hemlock, Larch, Spruce	40	35	05	50	40	10	40	30	10	40	30	10
E. Long Timbers	50	40	10	60	50	10	40	30	10	50	40	10

This is a statement of the differentials existing between Portland and the Montana-Oregon basis points to Chicago, St. Louis, Omaha, Kansas City, Denver and Salt Lake City, both on the old and new basis.

(Anderson exhibit 23 received in evidence, record page 73.)

ANDERSON EXHIBIT NO. 23.

Winnipeg—C. P. Ry.
vs.
Winnipeg—Gr. Nor. Ry.

COMPARATIVE STATEMENT.

Showing mileages and per cent rates in cents per 100 lbs. and per ton per mile on fir lumber from Vancouver, B. C., via C. P. Ry. and G. N. Ry. and Rossland, B. C., via G. N. Ry. to Winnepeg, Manitoba, as compared with rates Bellingham and Spokane to Winnipeg and Bellingham, to Mapes, North Dakota.

Basis of comparison is:

Canadian Pacific Lumber Tariff W. No. 592, Effective Nov. 1, 1905.

Great Northern Lumber Tariff G. N. W. R. C. No. 73—G. N. I. C. C. No. A-2667, Effective Nov. 1, 1907.

Great Northern Lumber Tariff G. N. Ry. C. R. C.-N. A. 77—G. N. I. C. C. No. 4-1982, Effective Aug. 28, 1906.

Great Northern Lumber Tariff G. G. G. F. O. No. 16993—G. N. I. C. C. No. A-1974, Effective Aug. 28, 1906.

TO WINNIPEG AND MAPES, N. D.

FROM	Dist. in miles	Rate in cts. per 100 lbs. per ton mile	FROM	Dist. in miles	Rate in cts. per 100 lbs. per ton mile	Di
Via Canadian Pac.			Via G. N., Bellingham,			
Vancouver, B. C...	1482	40	Washington,			
		.00541	to		50	10
			Mapes, N. D.....	1484	.00673	.00
Via G. N						
Rossland, B. C....	1445	34	Spokane, Washington, to		42	08
		.00471	Winnipeg, Manitoba....	1299	.00647	.00
Via G. N.			Bellingham			
Vancouver, B. C...	1728	40	to		50	10
		.00463	Winnipeg, Man.....	1669	.00599	.00

This is a statement showing a comparison of the fir lumber rate from Vancouver to Winnipeg via the Canadian Pacific and also via the Great Northern, and from Roslyn to Winnipeg by the Great Northern and Spokane to Winnipeg by the Great Northern and Bellingham to Mapes, North Dakota.

(Anderson Exhibit 24 received in evidence, record page 74.)

ANDERSON EXHIBIT NO. 24.

Rates on Lumber, Hops, Wool (Scoured), Canned Salmon and Green Hides, to Omaha, Neb., New York, N. Y., Boston, Mass., and Manistique, Mich., showing rate per cwt., minimum weight, mileage and per cent per ton per mile.

LUMBER. Portland to Omaha via Union Pacific. Average carload weight of 66,000 lbs., minimum marked capacity of car.

Mileage.	Min. Weight.	Rate	Per Car	Per cent per ton per mile.
1890	Capacity of Car	50	$330.00	.529

HOPS. Portland to New York, via Union Pacific to Omaha, Wabash to St. Louis, Penn. R. R. to New York.

	Mileage	Min. Weight	Rate	Per Car	Per cent. per ton per mile
	3363	15,000	$1.50	$225.00	.892
CANNED SALMON	3363	30,000	.75	$225.00	.446

WOOL. Portland to New York, via Union Pacific to Omaha, Wabash to St. Louis, Penn. R. R. to New York, to Boston.

Mileage	Min. Weight	Rate	Per Car	Per cent per ton per mile
3521	24,000	$1.50	$360.00	.852

GREEN HIDES. O. R. & N. Co. to Spokane, Great Northern to St. Paul, Minn., M. St. P. & S. S. M. Ry. to Manistique, Mich.

Mileage	Min. Weight	Rate	Per Car	Per cent per ton per mile
2307	30,000	.90	$270.00	.780

Although there are a large number of open equipments used for Lumber, a greater number of Box and Stock cars are used, the open cars will have a capacity of from 80M to 100M, the number of Box Cars will bring a fair average weight to 66,000 lbs.

Hops.....A Fair average weight would be 30M.
Canned Salmon.....A Fair average weight would be 40M.
Wool.....A Fair average weight would be 30M.
Green Hides.....A Fair average weight would be 40M.

The movement of Green Hides to Manistique, Mich., is very large, the minimum weight is 30M, but the equipment furnished will give a very fair average of 40M.

This is a comparative statement of lumber rates with those of hops, scoured wool, canned salmon and green hides from Pacific coast points to Omaha, New York City and Boston, showing the rates in cents per hundred, dollars per car, and in mills per ton per mile, also mileage.

(Anderson Exhibit 25 received in evidence, record page 74.)

ANDERSON EXHIBIT NO. 25.

ELEVATION OF

CANADIAN PACIFIC, GREAT NORTHERN, NORTHERN PACIFIC,

UNION PACIFIC.

CANADIAN PACIFIC	Feet.	
Selkirk Summit	4351	
Beaver Mouth	2435	*DE 1916 feet in 22 miles.
Stephen (Rocky Mt. Summit)	5321	*IN 2886 feet in 74 miles.
Medicine Hat	2171	*DE3150 feet in 302 miles.
Swift Current	2400	*IN 229 feet in 150 miles.
Winnipeg	700	
GREAT NORTHERN.		
Summit Cascades	3341	
Summit Montana (Rockies)	5199	
(Branch Line) Elk Park Mt	6225	
NORTHERN PACIFIC.		
Summit Cascades		
Welch, Montana (Rockies)	5705	
UNION PACIFIC.		
Summit Blue Mts	4204	
Sherman, Wyo. (Rockies)	8000	

*Note. DE Stands for decrease.
IN Stands for increase.

Number 25 is a statement showing the elevation of the Canadian Pacific, Great Northern, Northern Pacific and Union Pacific at the highest points.

The minimums back in 1893 were in the basis of practic-

ally 20,000 pounds, and they were increased to a basis of from 30,000 to 40,000 pounds, which has been in effect for a number of years. That is, generally speaking, it has been in effect for a number of years, until within about a year and a half ago, when they were put in on a cubical capacity basis, with a minimum as high as 60,000 pounds per car on a cubical capacity basis, which has had a tendency to act as a practical advance in the rate.

I have heard of the Trans-Continental Freight Bureau a number of times. My understanding is that it is a scheme through which the trans-continental roads act in the issuing of rates or the cancelling of rates, and they hold meetings from time to time in Chicago and vote upon and decide upon the cancellation or inauguration of a rate. The lines that are commonly termed the Hill and Harriman lines are the ones that have the say of the Bureau, as far as the northwest is concerned.

Cross-Examination.

In making comparisons, I have figured on the mileage basis from Portland, Hood River and Baker City. Hood River is east of Baker City on the O. R. & N., on a different rate basis; and Baker City is still further away and on still a different rate basis.

The shortest distance to which the rate is applicable on the Southern Pacific and O. R. & N. lines to Chicago is from a point about forty or fifty miles east of Portland, just east of Bridal Veil.

I took Portland; I did not go down to Eugene. I have got Harmansville in Wisconsin. It is just a short distance; I can point it out on the map very readily to you. Just about in this locality, right through here. (Indicating on map.) It is right here near Rhinelander. Here is Lake Superior over here. It does not touch the lake. I used the Soo Line tariff in making up that table. I understand there is lumber in Minnesota and Wisconsin that lies west of this Hermansville lumber. That is the only tariff I could get hold of from that district. The Hermansville rate is a rate that is spread over considerable of that territory. Most of the points in Northern Wisconsin take the same rate.

I took the longest possible distance because I wanted to get the longest mileage I could. In making up my Exhibit No. 18, a comparison from Louisiana and Florida to Denver, Omaha, Kansas City and Chicago, I again took the shortest distance

that I could find to which the rate was applicable. And then to Denver, Omaha and Kansas City, I showed points in Florida. Jacksonville, Florida, to Omaha, is about as extreme as Harmansville lumber to South Dakota, but I figured I say, in all of these, to try and get as great a mileage as I could to compare with our mileage. I did not take the shortest mileage, for each one of those statements contains the Baker City and the Hood River rates.

I endeavored to pick out on these southern points, localities from which there was a movement of lumber. That was my endeavor and in doing so I consulted the briefs in the Tift case. I was advised that there was an actual or substantial movement of lumber from Hermansville into South Dakota. I cannot say whether any lumber mover from Savannah, Georgia, to Omaha, from Jacksonville, Florida, to Kansas City, or Savannah, Georgia, to Kansas City. I could not say that it intimated in the Tift case that there was any such movement to Kansas City. It is my understanding that there was a movement from that locality. I could not say to what points.

Alexandria, Louisiana, is in the center of the yellow pine district of Louisiana, situated on the Port Arthur route, as I remember, or else the Texas Pacific. Donaldsonville, Louisiana, is another point in the center of the yellow pine district of Louisiana west of the Mississippi. I do not know whether there is any movement at all from those places, of lumber to Denver, Colorado.

In making up these statements I simply cast around the country to get an extremely long distance of lumber haul in order to compare it with our lumber haul from Portland, Hood River and Baker City to Chicago; and I endeavored to get in the center of the producing district.

The rate from the lumber producing points is a blanket rate from what is known as the coast basis points. That applies from Portland by the Oregon Short Line and the O. R. & N. It includes points of production not reached by the Harriman lines; it includes the Northern Pacific and the Astoria & Columbia River lines. It is a blanket rate that applies from points that are local to the O. R. & N. lines, and also from points that are local to the Northern Pacific lines.

The old rate of 50 cents to Omaha and Chicago both, extended from Ashland on the Southern Pacific through all the territory of the Southern Pacific up to Portland; virtually all; there are a few points that took a little arbitrary and do yet. Ashland is in the neighborhood of three hundred and fifty miles south of Portland. It extended down over the Astoria

& Columbia River Railroad west of Portland; it is figured a hundred miles to Astoria. It is my understanding that that was an independent line until recently. It extended over the Corvallis and the Eastern, and other independent lines; and likewise ran all the way up through that pink territory, shown on the map there, on the Northern Pacific line, up to the British Columbia line. As a result, under both the old rates and the new rates, they can ship at a common rate from all points on the west coast to any point within the Missouri river territory; and from all that territory the Chicago rates are common; from the British Columbia line to the Oregon-California line; over every little jerkwater road like the Bellingham Bay & British Columbia, the Corvallis & Eastern, and the Astoria & Columbia River, in conjunction with the big roads. There can be no shipment of lumber from points on the Northern Pacific north of the Columbia river to Portland and thence to eastern points on the O. R. & N.; there is no lumber movement whatever in that way. The only points are between Gobel and Portland.

There is a joint through route by Silver Bow on a higher basis. I do not mean to say that exactly the same rates do not prevail over the Northern Pacific and Great Northern to Chicago, and points east of the Missouri river via those lines, that prevail over the O. R. & N. lines. It is correct that the rates from British Columbia to the California state line over some routes are practically equal all the way around, to Kansas City and Omaha, and Chicago and all intermediate territory—Kansas and Nebraska points. To points west of Colorado points like Salt Lake City the rate is higher.

This pink section indicated on the map, indicates the coast basis. It is the territory over which there was a 40-cent rate, which is now 50 cents, by all routes; that is to say, the same rate by some route. I do not mean to say that in all that pink territory they make a 40-cent rate to St. Paul. There never has been a 40-cent rate to St. Paul from any of the Oregon territory except Portland proper, and a few points east of Portland over the lines of the O. R. & N. The 40-cent rate is applied to St. Paul from north of Portland on the Northern Pacific and over the O. R. & N. east of Portland out to about Bridal Veil and Hood River. South of that they never had any 40-cent rate to St. Paul. There never was a 40-cent rate from Portland to St. Paul that I know of over the Union Pacific. There has been a 40-cent rate right along on the O. R. & N. via Spokane in connection with the Great Northern; and from Bridal Veil and points east about as far as Hood

River, but it was finally extended to the Hood River district. That was over the Great Northern in connection with the O. R. & N. South of that they never had a forty-cent rate. In conjunction with the O. R. & N. the rate was 40 cents to St. Paul in connection with the Great Northern to Spokane.

The Columbia River is the dividing line by the Portland gateway. Taking all that territory in Western Washington which is penetrated by the Northern Pacific and the Great Northern, those coast rates apply via Spokane to all points on the O. R. & N. That is they apply via Spokane not only via the Northern Pacific and the Great Northern, but also via the O. R. & N.

A. C. DIXON:

I reside at Eugene, Oregon; I have been directly engaged in the lumber business for fourteen years and a little over. Have filled a number of positions around mills and lumber yards, including the management of one of the mills of the Booth-Kelly Lumber Company, and am now engaged as the sales manager for that company.

Am vice-president of the Lumber Association, and chairman of the Transportation Committee; also of the special committee in charge of this case.

I am familiar with the conditions in our section of the country from personal observation, and to a certain limited extent from personal observation in other sections of the state; and more particularly on account of my relationship to other lumber manufacturers, and meeting with them frequently and talking with them.

We have four mills in Lane County, about an average of 125 to 135 miles south of Portland, on the lines of the Southern Pacific, the Oregon & California lines in Oregon. That is about one-third of the distance from Portland to the southern line of Oregon. The capacity of the mills that I am interested in directly is 300,000 feet in ten hours. When we are running full capacity we use from 1,000 to 1,100 men in our employ, and in addition to that have a number of contractors getting out logs that use probably 200 to 400 additional.

Our output of lumber in 1906 was about 90 million feet; 3,900 cars. The number of carloads the first ten months in 1907 was 2,248, and about 47 million feet. All of our shipments originate on the lines of the Southern Pacific. We can ship south over that line into California, Nevada and

Mexico, and east over that line in connection with the O. R. & N. and O. S. L. and Union Pacific to common points on the Harriman lines only. Our shipments are all rail. We have no access to water. Substantially, after you leave the City of Portland a few miles, all of the mills in the Willamette Valley are practically all rail mills and are situated substantially the same as our mills are.

The lumber industry I should think by far is the principal single industry in the Willamette Valley. There may be as much money invested in agricultural pursuits and in farm lands, but no such number of men employed and no such payroll as in the lumber industry. The most accurate record we could compile in the association showed about 570 to 580 mills in Oregon. As I remember, about 61 mills are on the Astoria and Columbia River Railroad. The average daily capacity is 1,782,000 feet. Some of the mills located on that road have access to the water; those at Astoria for instance and those east of there. The bulk of them are rail shippers only.

There are about 15 or 16 mills at the City of Portland. Their output is about 1,595,000 feet a day. In the Willamette Valley, being the district indicated in red on the map, there are about 375 mills. The daily cutting capacity is 6,364,000 feet. All of those mills can only ship by rail over the Harriman lines and connections. From Portland to Baker City, there are 250 mills on the line of the O. R. & N., east of Portland, with a daily capacity of 1,606,000 feet, based on a ten-hour cut. They ship all rail only. There may be a very limited amount shipped down the river, but I do not think you could consider it an actual movement of lumber. I do not think there has been any lumber of consequence moved that way. It would be a very difficult movement. There are 26 mills on the coast with no rail connection, with a capacity of 1,505,000 feet a day. These do not include the mills touching the railroads. Those last mills can only ship coastwise or foreign.

There are 45 local mills that we have a record of with a daily capacity of 538,000 feet in Oregon that cannot ship either by rail or by water. The total capacity of all mills in Oregon is 13,391,000 feet. From that there should be subtracted 538,000 feet, leaving 12,850,000 feet approximately, as the capacity of the rail mills in the State of Oregon.

About thirty per cent. of all the cut, or 600,000,000 feet out of an annual cut of 2,000,000,000 feet of lumber manufactured in Oregon can only go by rail. The output in 1906 was

close to two billion feet and of that four hundred million feet was estimated water movement.

The local consumption and the amount held on hand over the first of the year was about one billion feet, and that left for rail shipment about six hundred million feet.

The output in 1907, as a general proposition, compared to the output in 1906, has very materially decreased in every instance that I am familiar with. The principal lumber produced in Oregon and Washington is what is known as Douglas fir, Oregon pine, and called by the government "red fir." From the examination I have made there are thirty-five to forty thousand men directly employed in the lumber industry in Oregon when the mills are operating. I should judge, approximately, the value of the investment in mill property and machinery in the State of Oregon was $50,000,000. I think that is a moderate rather than an excessive estimate, taken from the records of our Association as nearly as I can give it, and the reports that have been sent in.

The average annual payroll of those people on the basis of 40,000 men employed, would be about $500.00 to the man, between $450.00 and $500.00. Of course, that would not have been true three or four years ago, when wages were lower, very much lower than they are now, but about right for the past year, I think. I have our own payroll here, and the best way I could judge would be to average it from that. Our average on 1,050 men was about $56.00 per month a man. That would bring the total up to $670.00 per year per man at the present time. That was on an average of 1,050 men employed during one particular month. I think by far the largest number of men and the largest payrolls in the state are dependent upon the lumber business, and in a measure every industry in the state is connected rather closely with it; and in my opinion, upon the prosperity or failure of the lumber business depends the financial and commercial prosperity of the entire state, and of the Pacific Northwest. Close to our mills at this time are a number of towns, of several hundred people in each town, with school houses, hotels, small theatre buildings, banks, in some cases, and they are built up right around the sawmill industry, where, to my personal knowledge, less than ten years ago, there was no habitation of any consequence and no community. That is true all through the valley, and also further south in the state. The town of Grant's Pass, a town of 4,500 people, is built where members of our company formerly logged. They cut logs where now there are from

four thousand to five thousand people engaged in all classes of business, and contributing all classes of traffic to the railway company.

There are all sorts of industries there, a great many connected directly with the lumber business, from the manufacture of lumber to the manufacture in times past of pine needle mattresses, and in addition to that, the country has been opened up by prospectors coming out from the camps and mills. There is some mining business there, quite a good deal of fruit raising and hop raising, and all the varied industries that there are in any part of the state. I think that is true in our particular section. In the valley of the Mackenzie, the Mokawk and the Willamette there are prosperous farmers and well cultivated farms when within a decade or a little longer there was nothing but timber and no people.

The payroll of the men engaged in the lumber industry in the State of Oregon is in round numbers about $20,000,000 a year. The effect of the stopping of the industry on the balance of the state will be to practically stop every industry in the state, and all business of all kinds, to the same extent that the lumber business is stopped, because they are so closely connected.

Statement marked No. 7 is a record of tabulation of the weight of cars shipped by our company during two months of last year, April and October. We took as one month the month when lumber would be light, on account of having been stacked during the summer; and one month when it would be heavy on account of it being rained on during the winter; and the amount of average weight per thousand feet of our lumber shipped, sawed during that period, and what the advance means to us in dollars and cents per thousand feet, and sand feet, and what the total advance would have meant to us in our last year's shipments if it had been in effect during that time. The actual freight paid I have not totaled; it would be about $800,000 or $900,000 and the cost of the advance to us on the lumber shipped east would have been $81,995.34. That is, on shipments to the affected territory.

Since I have been in business there have been several increases in the minimums, beginning, as our records show, in 1902. The increase during that time amounts to, in the amount of lumber loaded now, over 1902, to about 7,000 feet on our eastern shipments, and is compiled from the records of our shipments to Chicago and common points which comprise the bulk of the eastern shipments. From the dry to the green lum-

ber, that is 14,000 to 25,000 pounds, and $70.00 to $120.00 per car.

The average loading of green lumber per car in 1902 was between 14,000 and 14,500 fet. Now it is from 21,000 to 21,500 feet. The difference in pounds is from 14,000 dry lumber—or say 10,000 as a minimum—to 25,000 pounds on a like amount of green lumber. I ship my lumber largely in the rough; the larger part of our output is shipped in the rough. On material going east probably at least half is surfaced. It is kiln dried. That would be the kind that I specified as being an advance of only $70.00 a car, light lumber.

The development of the industry from a shipping standpoint began early in the 90's or at least it had not amounted to anything of consequence prior to the early 90's. Along about the time the rates which were in effect prior to the November 1st rate were put in, say 1893, the mills began to build and the lumber industry to develop mainly in and around Portland. Following that the industry spread throughout the length and breadth of the state. As the rates were maintained in effect the demand became stronger from the east for lumber, and it was seen that eventually those in the treeless states would have to go to the Pacific coast for their supply. During this time the state itself has developed in all lines; the population has increased wonderfully in percentage, and the financial interests have increased. Our tax roll has doubled and tripled, and the number of people coming into the state annually from the east to seek employment and invest their money has doubled several times. When the lumber industry first began in Oregon the transportation service was very limited. One passenger train a day, for instance, was all we had over the Southern Pacific line each way. At the point I live, Eugene, there are now four trains a day each way. That illustrates very well the development along the transportation line.

The increased traffic over these same lines has been remarkable. I distinctly remember that from Portland to California at one time we only had three freight trains a week, one train every other day. Now we have several freight trains a day each way, and they are unable to carry the traffic offered them.

Table No. 9 shows the increased cost of labor and all the main articles of supply used in the production of lumber, the actual increase in cost as shown by the figures. We have been paying between 1904 and 1907 what is shown by this

table. These years correspond to the years mentioned by Mr. Hannaford in the letter referred to, showing the cost of lumber in those two years. I would just say, unless the Commission cares to see the different items, that the advance has been from 35 to 40 per cent. in all business at least, on both labor and supplies. I think it has been 50 per cent. increase on labor and a little less on supplies, bringing the average to about 40 per cent. increase, I think.

(Statement referred to introduced in evidence marked Dixon No. 1, Record, page 117.)

DIXON No. 1.

SHOWING THE INCREASE IN COST OF PRODUCTION OF LUMBER AS SHOWN BY THE RECORDS OF THE BOOTH-KELLY LUMBER CO.

(A) Labor:

	Common labor in mill	Edgermen	Planermen	Sawyers	Common labor in woods	Fallers	Buckers	Line men	Donkey Engineers
1904	$1.75	$2.25	$3.50	$4.50	$2.00	$2.50	$2.25	$2.25	$2.50
1907	2.25	2.75	4.00	5.00	2.50	3.00	2.75	2.75	3.00
Incr..	28½%	22%	14%	11%	25%	20%	22%	22%	20%

(B) Supplies:

	Leather Belting.	Rubber Belting.	Wire Cable.	9x10 Donkey Engine.	Logging Horses.	1-in. Black Pipe.
1904.....	28.5	48.6	45	$1850	$150	$2.50per100ft.
1907.....	36	54	58.5	2300	275	4.40per100ft.
Incr....	26⅔%	11%	30%	24%	80%	76%

The price of stumpage has increased very materially. In the last ten years, which is about as far back as my knowledge of stumpage values would go, the increase has been, in I might say two ways; an increase in the value of the per 1,000 feet, and an increase due to the method of estimating a given amount of timber on a given piece of land. A few years ago timber land was sold by the acre without much regard as to how many trees there were on the acre. A

little later the timber was estimated and sold at so much 1,000 feet and estimated in our section of the country, for instance, only those trees over 17 inches in diameter. The method of estimating has changed, until now we count everything down to and including 10 inches in diameter, which gives a larger number of thousand feet an acre, and in our locality the price of stumpage has increased from probably 20 cents a thousand feet to $1.00 a thousand feet as the market value.

There is hardly any comparison now in the state of Oregon as to the cost of location and the capital that is required to go into the lumber industry with the conditions that prevailed a few years ago, for the reason that when the industry was first started people were anxious to have you locate near them or near their town; you could get all the facilities you wanted for a reasonable price, and in some cases you could get a bonus and a donation of land to establish your factory. Owing to the development of the state that has all been changed; now, your ground costs you money and is expensive to start with; you have to buy your mill and the additional rights you want after you once get there are held at a very high figure, and the comparison between the investments would show it would take several times as much to go into the same sized enterprise now as ten years ago. Taxes have been decidedly on the raise. I cannot give you the exact figures as to taxes, but whereas timber land was formerly assessed at so much an acre, it has recently been cruised and a fairly accurate estimate made of the number of trees per acre, and so much per thousand trees charged as tax.

In the Willamette Valley I would say a larger number of mills own all or a portion of the timber they are operating in. I would say that the average mill, including those of all sizes, would either have to move or put in a railroad to get their logs to them, within ten years after beginning active operations. That would not be true of the very small mill located in a dense section of timber, but I think it would be true of the average mill in that section.

The hazard of the investment I think in a saw mill property out there is generally recognized to be very great, both in timber and saw mills. The insurance rate on saw mills shows the insurance people consider it a very hazardous thing. The depreciation on mill property depends largely on whether the mill is operating or lying idle. If the mill is idle the depreciation is very rapid indeed, and I would say would amount to 20 to 25 per cent. a year at least. It s a common statement among mill men that it costs about as much to

keep a mill idle as to keep it running. Of course, in that statement you would include the depreciation, but fire has to be kept in the boiler, and the fire pump has to be kept in operation if you want your insurance to continue; and if not, then sometimes you cannot get insurance, and the property has to be kept in some sort of a state of repair all the time.

The rates since we have been operating to Denver has been 40 cents; to Chicago 50 cents, and to Omaha 50 cents; to Kansas City the same. These rates have been continuously in effect about ten years. During that time we have increased our investments in the lumber business. We have increased every year probably without any exception, since that time, and our investment from a few thousand dollars invested in the mill plants has grown to between $500,000 and $600,000 at the present time mill plant and logging properties. At the present time we have two mills operating on half time and two mills shut down entirely.

Prior to this advance there has been considerable agitation and repeated informal requests and conferences relative to a lowering of the rate to Omaha and common points, Missouri points. This for two years: one a compartive reason and the other pertaining to the profits and sales in our business. The latter because we were unable to reach that territory in competition with yellow pine; the other because the people north of us had a lower rate than us to St. Paul, and we could not see why, with a 40 cent rate to St. Paul from Seattle, that mills in Portland and adjacent territory should not have a lower rate from points closer to the markets, and we do not see that yet.

The first rumor I heard of this proposed rate was in June of this year; the first definite information was in July. This rumor seemed to come from almost every lumber man that I met. I wanted to satsfy myself personally of the truth of the rumor as it was very important to our company, and so I went to the office of Mr. J. C. Stubbs in Chicago, who was General Traffic Manager of the Harriman lines, and I asked him whether our rates would be advanced and if so, how much. He said in reply that they would be advanced, but that he did not know what amount they would be advanced; the amount he had not then determined, but as soon as it was determined it would be officially announced, and that he would give us all the notice he could. I at that time explained to him the impossibility of our standing the advance, either paying it at the mill or charging it to the consumer, and I told him it was prohibitive and would ruin our business and close

our mills. His statement in response to that was that they would make an advance; he was very positive about that, and that if it did close our mills he was very sorry, but he could not help it; but he thought that I had overdrawn the picture of desolation and ruin, if you might call it such, to the lumber industries in my statements.

I told Mr. Stubbs in that conversation that we had previously offered to his traffic man in the northwest an opportunity to examine our books and ascertain our profits, if they proposed to make rates based on profits; and I then extended that offer to him and said that I would be more than pleased for him to send experts to us and ascertain our profits for any number of years he desired, and if it proved then that we had a profit equivalent to the amount of these rates I would have nothing further to say in regard to the raise in the rates. This offer has been made to several of the traffic officials and attorneys of the Harriman lines, and has never been accepted.

In July, 1907, Mr. Hannaford, the second vicepresident of the Northern Pacific Railway Company, issued a letter to the secretary of the Lumber Manufacturing Joint Committee of Seattle, Washington, announcing this proposed advance in rates officially as I understood it, and I have seen what purported to be a copy of that letter.

(Letter offered in evidence, marked "Defendant's Exhibit No. 2," record, page 127.)

DIXON NO. 2.

Northern Pacific Railway Company.
Office of the Second Vice-President.
St. Paul, Minn.

July 28, 1907.

J. M. Hannaford, Second Vice-President.
A. F. Specht, Secretary Lumber Manufacturers' Joint Committee, Seattle, Washington.

Dear Sir: Mr. Howard Elliott, president of this company, being in the east, his secretary has referred me to your letter of July 8th, in the matter of proposed advance in lumber rates from transcontinental points.

I have delayed answer in your communication, hoping that I might be able to send your copy of the proposed tariff with my letter, but the printers have been somewhat delayed, and I understand it will be a few days yet before the tariffs will be

ready for distribution; and said tariffs will not be effective until October 1; this more than two months' notice being given to enable manufacturers to clear up as far as possible their old orders before the new rates become effective. The basis upon which these changes to various territories are made is as follows:

Fir Lumber.

	Old Rate.	New Rate.
Pacific Coast to		
St. Paul	40c	50c
Chicago	50c	60c
Missouri River	50c	55c
St. Louis	52.5c	60c
Denver	40c	50c
Mississippi River points	50c	60c

The lumber men engaged in these rail eastern shipments will understand fully the conditions that resulted in the present rate basis, which was established in 1893, and that those conditions have long since passed. At that time, the output of white pine in Minnesota, Wisconsin and Michigan was at its height; and Pacific Coast lumber could not be laid down and sold in the eastern markets in competition with the home product and pay a higher freight rate.

Since then the forests of Minnesota, Wisconsin and Michigan white pine have practically been marketed. The prices have almost doubled; the Pacific Coast lumbermen have no trouble to compete except the trouble of getting their products to the eastern market.

In 1893 the preponderance of traffic on the transcontinental roads was west-bound; a large percentage of the cars used in handling this west-bound merchandise were brought back empty. A strong consideration for making the low rates on lumber was to save drawing these cars east-bound empty—nearly 2,000 miles haul.

In the meantime, the changed conditions have enabled the lumbermen to advance the prices on fir on an average of more than 50 per cent. Some of the products that we use and are purchasing in the west have been advanced more than this, for example:

	1904.	1907	Inc.
Fir ties	$ 7.00	$13.00	83%
Fir car sills	12.00	20.00	57%
Fir car framing	11.00	21.00	91%
Fir lumber (10x12x20)	10.50	19.00	61%
Fir bridge stringers	11.50	17.00	48%

It is our desire to assist in every way possible the development or at least the maintenance of the lumber interests on the Pacific Coast; but it is absolutely impossible, in view of the great increase in the cost of our operation, and the change in the direction of the large tonnage, for us to furnish any empty cars for this traffic that are not handled west under load and unload on the Pacific Coast. We believe with the proposed advance that we can handle empties west, at least up to our ability to handle loads east-bound on our line. You know very well the large amounts of money that are being spent by the northern lines in the construction of the Portland & Seattle and the double tracking of the hundreds of miles of the Northern Pacific, enable us to take better care of the east-bound tonnage that is offered.

Very truly yours,

(Signed) J. M. HANNAFORD.

Our company is a subscriber to The American Lumberman. I remember the article appearing in the issue of March 16th, 1907, regarding the rumored advance in lumber rates. That was the first rumor I heard of.

I would like to state that after this article appeared in the Lumberman, there was nothing further said for some time and to my mind the thing had dropped, and I had no further thought regarding the advance until, as I said a while ago, some time in June. I did not mean to say in my testimony given awhile ago that I had not thought of such a thing as an advance, but the rumor did not become strong enough for me to pay any attention to it until some time in June.

The effect of the rumor was to immediately make everybody cautious, including the mill men, and the buyers more particularly. When the rumor became stronger the buyers, in order to protect themselves, immediately began to impose conditions on the mill men; in other words, they tried to make them guarantee the rates. And, before the rates went into effect buying had practically stopped entirely unless the rates would be guaranteed; and since the rates were in effect there have been no orders of any kind or character from the affected territory offered to us, with the exception of probably two or three carloads. There have been none that we have tried to get that we have been able to get, so it has practically stopped our business in its entirety.

From the correspondence I have had with the mills and from being at a number of them personally and talking with the owners and representatives all over the northwest, I

should say that all the mills are in the condition that our mills are in; that is, unable to secure orders or unable to operate, with the exception of those that are running on contracts for railroad material, contracts executed prior to the advance in rates.

During the year 1906 we were better fixed for cars than this year, but still short of equipment during the year. When I left home ten days ago, or a little less, we were being offered cars by the car service agent of the Harriman lines in Portland, all the cars we wanted; in fact he was asking us if we could use cars, and said that he had several hundred cars idle, and no particular use for them, and I have had this verified from a large number of sources. There are more cars out there than can be used; in fact there is no demand for them for eastern shipments.

The financial flurry affected Oregon, certainly, in every line of business, but we were brought to a standstill practically before we ever thought of any financial trouble. At the time the trouble came to us it was by the New York banks refusing to cash the exchange. It was like a cloudburst out of a clear sky, so to speak; it was a great surprise to everybody in our section of the state.

The mills began to close down at the period I first spoke of. That is, when the buyers began to withhold and refused to buy until they knew what was going to be done in regard to the rates. This applied not only to buyers of lumber for retail yards, but to the railroad concerns, who in some instances withheld their orders until they could determine what was going to occur, and in other instances stated that they would not buy until after the advance went into effect and then they expected to be able to buy lumber at the mills much cheaper.

When I refer to the railroads, I refer to the purchasing agents for the railroad. That is where we get our business, and they stated that they expected to buy cheaper after the advance than before.

There was a rate raised down in the Salt Lake territory to our section at the same time the other advance was made; there was an advance of 5 cents to Salt Lake and practically that to all common points in Utah. That advance was in existence for 30 days, and then it was withdrawn. Throughout that 30 days we did not have an order, or ship a car into that territory, where previously we had shipped a number of cars a week, or several hundred cars a year.

After seeing Mr. Stubbs, the committee in charge of this

rate matter requested our secretary to write Mr. E. H. Harriman, then on the coast, or due to arrive there shortly, and request a conference with him. That request was made and the conference was granted, and a portion of the committee met with Mr. Harriman in Portland. I had several conversations with the officials of the company in connection with the Salt Lake rate, one in particular with Mr. Miller, the general traffic agent of the Harriman lines in the northwest, with offices in Portland. Mr. Miller told me that he knew nothing of how the rate happened to get in there and that he was surprised to see it in there. He said that he understood that it was an error in the compilation of rates, and he told me quite plainly that they would have it corrected, or that he would endeavor to have it corrected; and at one time he seemed to think he could have it corrected in a very short time. But, during that same day he told me that they would be unable to correct it prior to December 1st; that is, they would be unable to correct it without giving the usual 30 days' notice of the correction, and that is what did occur. That is, they agreed to cut that out after 30 days' notice, and I understand that they did cut it out.

Some of the railroads east have always solicited freight that we shipped; those east of Chicago are still soliciting it; those east of Omaha are still soliciting the business. There was a time when freight solicitors visited us quite frequently to get the routing of our material, either by the O. R. & N. via Portland or Sacramento and east on the Southern and Union Pacific. For the last four or five years there have been no solicitors asking for our freight from the Harriman lines, but we have been instructed how to route it, and the bulk of it has gone via Portland. The solicitation only begins beyond the eastern terminus of the Harriman lines. But, before the Harriman interests controlled all the western roads there was solicitation south, over the Southern, east and north over the Northern California, and east.

The basis of figuring sales and profits, to my knowledge, was always on the rates then in force, with a thought and a stated thought and probability that there would be a decrease as the bulk of the traffic increased. There never was a thought, and I never heard the question of an increase in rates discussed prior to the present year. As I said about the solicitation, the railroad solicited traffic repeatedly and helped us, or offered to help us in any way they could to develop eastern markets, going so far as to furnish our repre-

sentative transportation, I believe, in some instances, to go out and solicit business; and telling us that they wanted the business and were in accord with us in developing the market, and would do anything they could to assist us in pushing Oregon fir further east.

The Denver market carries a 40 cent rate. We shipped quite a good deal of lumber into Denver and to Denver common points, as against a 34 cent yellow pine rate from yellow pine districts west of the Mississippi River.

I know the rate that yellow pine gets in there on, but not the exact points of origin. In that territory, which is about as close as we get to a parity with the yellow pine rates, those people have some advantage on everything we ship there, and we consequently get a lesser amount at the mill for each grade of lumber than do the yellow pine mills. I have a statement here which has been prepared giving those figures. It is my impression that the market competition at Denver and in that territory comes from the southern fields of lumber supply, west of the Mississippi river. It is yellow pine, at least, and my impression is that it comes largely from west of the river. At Salt Lake and that territory we meet some yellow pine competition but not so great as in Denver. The competition is more largely among Pacific coast mills, and some local timber there, not a great deal; but some from New Mexico and Arizona, which is a low grade of lumber. For Kansas City, Omaha and other Missouri river points, the competition is more keen as against the fir mill, the yellow pine rate being lower and the fir rate being higher, making the difference between the two rates greater; and the consequence is that the net amount received by the yellow pine manufacturer for each grade manufactured is much greater than that received by the Pacific coast mill.

Our rate to the Missouri river was 50 cents and it was raised to 55 cents. From the southern pine forests I think it was 23 cents. Just briefly, to give you on some representative shipments of lumber, the net amounts received: At Omaha and Kansas City common points, for No. 1 vertical grained flooring, which is about the best article we manufacture, the yellow pine mills, after deducting their freight on a basis of 23 cents, received net for that flooring $29.25, at the time this tabulation was made up, some two weeks ago; as against $23.75 received by the Pacific coast shipper to the same point, on the same comodity. That was on No. 1 grain flooring, vertical grained flooring. On flat grain flooring, a

cheaper commodity, on the same rate, from the same place, $22.25 against $16.75 at the Pacific coast mill. 2 by 4 scantling 16 feet long, which is a common size to figure on with common, ordinary lumber, would have netted the yellow pine manufacturer $12.75 as against about $6.00 net to the Pacific coast shipper. The rate from the yellow pine region was 23 cents as against 50 cents from the Pacific coast.

We have sold scantling in Kansas City, but not at the time this list was made up, because the price had gone down below the cost of manufacture; but if we had met the competition on that day, two weeks ago, that is the price we would have gotten.

We have the same rate on all grades of fir lumber. There is a difference between the pine rate and the fir rate, though, and a difference between the cedar and the fir. We had to meet at the Missouri river generally speaking a 23-cent rate as against our 50-cent rate. That is one reason why we have been trying to get that 40-cent rate. We have met it and sold in the market. The relative prices in Kansas City would have to be just about the same in order to do business. Our lumber is the same as the other in quality and we get just as much, within 50 cents one way or the other.

We have paid 40 cents to Denver and they (the southern mills) paid a rate of 34 cents to Denver, and we have paid a rate of 50 cents to the Missouri river and they (the southern mills) paid a rate of 23 cents or 24 cents. There is a difference of 20 cents in their favor. We could expect to compete on that lumber, both at Denver and Kansas City, but not in the same degree. We have been able to find scarcely any profit on that lumber but we compete to a limited degree at Kansas City. We make very little profit at Kansas City and none at the prices in effect at this time. I would expect the rates to be so adjusted that we could compete on that lumber with yellow pine, both at Denver and Kansas City. None of these items are rough lumber; they are surfaced lumber. We have shipped lighter grades of lumber, which the freight does not affect so much, to a further point east, and consequently the yellow pine manufacturer has been able to tell about what it would cost us to get our material there and has possibly fixed his prices accordingly, and we do not ship much stuff in there.

The cost of transporting yellow pine lumber and fir lumber is not fairly represented by the rates between the two, the yellow pine is slightly heavier on each item than the fir;

there are some items where they are about the same but on rough lumber it is very much heavier. Rough yellow pine is heavier than fir; I think on an average about 700 pounds a thousand feet; seven hundred or eight hundred pounds. That helps to equalize the difference in rates between the fir lumber and the yellow pine. It is not a fair statement to say that at the same rate the fir is given the preference over the yellow pine for the reason that there is no rough fir lumber shipped into that country that I ever knew of. There is not to my knowledge any rough lumber shipped in.

The fir lumber runs lighter than pine, until it is machined and kiln dried, by taking out the pitch and sap from the yellow pine, when it is practically the same weight. That heavier character of the southern pine would increase the disparity that I refer to if they shipped rough lumber, which they do not.

So far as the question of the relative weights of lumber is concerned, considering the weight alone, possibly on the average we have a slight advantage. I would say that the only grades of lumber that are shipped in there now would be the upper grades, one and two, clear; and that on those grades there would be a net price to the yellow pine mills of from two to six dollars better than our mills. In the Missouri river in the past we have largely sold what we call select lumber and better. That is the different grades of clear lumber only. In Denver we have sold both clear and common lumber, all, however, machined or worked, so it would reduce the weight, and no rough, green lumber in either market. The price at which our lumber sells is the same that yellow pine lumber sells for the same purpose; they are competitive woods, and bring about the same price.

Our rate to Chicago is 50 cents, and we are met in competition there, I think, by the yellow pine in practically every kind of lumber we ship there. I think the yellow pine rate to Chicago is 33 cents. I am not positive as to that, however. I think it is 33 cents or 30 cents. There is such a difference that we cannot ship anything of consequence in there that they can get in the south, or anything but the upper grades of material, or materials where fir is better adapted for the work than yellow pine.

The first ten months of this year, 50 per cent of our material passed from Portland over the O. R. & N. east. Last year it was 43 per cent. I can say in a general way that the

statement showing the markets to which we shipped during the last year covers the Denver market and the Missouri river market and Chicago and common points markets, and Pittsburg and common points. That is the bulk of it. Some at St. Louis and Mississippi river points. We do not manufacture doors and sash. Our output is all shipped as lumber and lath. I have a statement here showing the disposition of the output of our mills for each year since 1901 up to November 1st of this year. We were not running back in 1893. This statement is divided; Oregon and Washington; Idaho and Utah; Colorado; Kansas and Nebraska; East of the Missouri river; East of the Missouri river to railroads; and through railroad material; in feet. This statement shows the amount of last year's shipments which went to points covered by this tariff.

(Dixon Exhibit No. 3, received in evidence, record page 154.)

DIXON No. 3.

THE BOOTH-KELLY LUMBER COMPANY.

Year.	(a) Total Shipments.	(b) Ocean Shipments. Port.	(c) Or. and Wash.	(d) Idaho and Utah.	(e) Colorado.	(f) Kan. and Nebraska.	(g) East of Mo. R.	(h) East of Mo. R. R. R. Mat.	(i) R.R.Mat.
1907	47,480,727	None	1,337,608	4,214,084	4,060,327	2,017,602	11,537,771	3,788,169	16,018,627
1906	79,193,813	None	2,656,528	3,782,916	3,416,022	1,881,213	21,133,853	4,892,766	19,422,401
1905	69,070,399	None	5,156,416	3,354,942	3,889,676	2,052,883	11,770,067	3,788,139	24,815,308
1904	59,528,145	None	10,381,101	885,646	1,135,969	2,215,499	6,159,390	1,705,441	23,528,153
1903	51,783,144	None	7,010,967	2,116,444	888,928	3,117,233	6,390,653	3,441,436	20,574,501
1902	65,213,898	None	8,496,425	3,235,465	3,748,499	6,237,044	6,721,134	3,231,999	16,880,527
1901	55,474,033	None	11,526,868	553,310	4,330,871	211,150	174,798	None	12,329,818

Fifty per cent of our lumber which goes south, part of it is consumed in California and Nevada; part locally in Oregon, for the use of railroad companies, and shipped to local yards in Oregon; and part locally in the near vicinity of our mills. The report will show what part is shipped out of the State of Oregon.

(Dixon Exhibit No. 4, offered in evidence, Record page 154.)

DIXON No. 4.

SHOWING COST OF PRODUCTION OF LUMBER AND NET PROFIT ON SAME AS SHOWN BY THE RECORDS OF THE BOOTH-KELLY LUMBER CO.:

	1906	1905
Logging	$ 4.58	$ 4.25
Sawing	1.67	1.30
Planing and handling	2.56	1.76
Other expenses	.13	.13
Total	$ 8.94	$ 7.44
Selling price	$13.78	$ 9.71
Gross profit	4.84	2.27
General office expenses	.44	.45
Taxes	.17	.16
Insurance	.15	.10
Interest and discount	.70	.85
Deterioration	.40	.41
Other expenses	.17	.02
Total	$ 2.03	$ 1.99
Net profit	2.81	.28

This statement now handed me shows the cost of production of lumber at our mills for the years 1905 and 1906. This is as far as our records extend. That is, we have not the records for this year. Our average cost for the year 1906, for every thousand feet of lumber manufactured, was $8.94. That includes stumpage at 50 cents a thousand feet. That $8.94 will need a slight explanation however; that is labor, cost of logs, and does not include such expenses as taxes, insurance, interest on obligations, and incidental expenses. It does not include depreciation on our plant. The selling price, as against that $8.94 in 1906, was $13.78 average for each 1000 feet of lumber sold, leaving the gross profit $4.84 per

thousand feet. That includes all characters of lumber that we make.

The gross profits were $4.84, from which was deducted, to get the net profit, the general office expenses, 44 cents per 1000 feet. That includes superintendence and maintenance and general salaries; taxes 17 cents per 1000 feet; insurance 15 cents per 1000 feet; discount and interest on our obligations, 70 cents per 1000 feet; deterioration, 40 cents per 1000 feet; incidental expenses of all kinds, 17 cents per 1000 feet; leaving $2.03 to be taken from the gross profits, $4.84; leaving the net profit of $2.81 per 1000 feet, for the year 1906. I have the same statement for 1905, made in the same way, showing a net profit of 25 cents per 1000 feet for the year 1905.

The value of our plant is $570,841. We incurred a charge of 70 cents on account of interest and discounts. That includes nothing in the way of a dividend or interest paid to ourselves, but includes anything of an obligation. We do not owe for our whole plant; we own our plant, and this is money we are using in all the branches of the business, so it does not include any interest on the cost or value of our plant.

The discounts that I referred to are quite an item, amounting to 2 per cent on all bills we sell and get cash for. Our net profit in 1906 by those figures was $2.81 per 1000 feet. For 1905 it was 28 cents per 1000 feet. These figures are absolute, actual figures of the amount of money expended in producing this amount of lumber and shipping it, the money paid out for labor, sawing logs, planing the same and loading them on the cars and marketing the lumber, and paying interest on our obligations, and paying our taxes. That represents our cost and our net returns.

The advance in price was occasioned primarily, or begun, at the time of the San Francisco fire and earthquake. It was caused by the extraordinary demand for materials for several months during the year 1906; and further caused by the fact that none of the mills could secure cars sufficient to move their output; and realizing that condition, they took, as was offered them, and asked where they could get it, a fair price, you might say a good price, for what material they did ship. The figures are descriptive in this respect; and, while we made $2.81 a thousand on that we shipped, we did

not make that on what we cut, because we had a large portion of what we cut left over. We had left last year about 25,000,000 feet at the beginning of the year, the value of which at this time is problematical only, and if any loss is occasioned from this lumber, and a considerable loss has already been occasioned,—it will wipe out a good share of this $2.81 that we made last year. In other words, we have probably lost now not less than one-half of all the money we thought we made last year by depreciation in the stock on hand left over, both as to grade and as to price.

There is no question in connection with the San Francisco disaster, but that the conditions at that time were not a normal condition at all. We were asked to ship lumber to our customers and to fix the price later; they said to ship it along and that they were willing to pay any price that was fair, so that they could get the lumber. The condition today is that there is very little demand. The price is lower than it was or as low as it was three years ago. It is very hard indeed to fix the base price or any market value on our material at this time, but I think $9.00 per 1000 feet—$8.50 to $9.00 per 1000 feet, would be probably fair covering what sales are now made; but if any great quantity of lumber was put on the market at this time it would not bring any price worthy of consideration, it would not bring a price above its cost, in other words. This break in prices occurred before there was any financial trouble, before the financial storm broke. It was impossible for us to secure orders at any reasonable prices, even before the financial trouble came on, as I explained before.

I showed you our profits for last year. They were $2.81 per 1000; and for the year before they were 28 cents per 1000 feet, part of which has been wiped out by losses since then. As against that the advance amounts to $2.795, as we find the average. Since we cannot take the greater from the less it is manifestly impossible for us to absorb that extra freight charge. There is absolutely no way in my opinion, for this to be imposed upon the consumer in these competitive markets, for the reason that our plant is now on a parity with his in the markets, and any advance of 50 cents or $1.00 a thousand feet would result in our losing all the business that we bid on. I might say that the effect of the

advance in freight, while only added to eastern shipments, only affecting them directly in that way, does indirectly and very quicky affect all our output in the same proportion.

(Dixon Exhibit No. 5, offered in evidence, Record page 163.)

DE

SHOWING THE PERCENTAGE OF CAPACITY U
MILL WITH FREIGHT CHARGE
BOOTH-KELL

TA

	Car No.	Shipped.	Consignee.	Destination.	Ca
Denver Territory:					
O. S. L.	25586	6– 4–07	Atkinson Bros.	Ft. Russell, Wyo.	10
U. P.	81531	6– 5 07	Bartlett L. Co.	Greeley, Colo.	8
N. Y. C. & St. L.	385640	6– 7–07	Atkinson Bros.	Ft. Russell, Wyo.	8
Mo. P.	29504	8– 8–07	Grt. West. S. Co.	Eaton, Colo.	8
L. S. & M. S.	41494	3–12–07	Colo. F. & I. Co.	Coal Creek, Colo.	6
M. & O.	17979	3–25–07	Atkinson Bros.	Ft. Russell, Wyo.	6
C. B. & Q.	32547	4–26–07	United Oil Co.	Florence, Colo.	6
C. G. W.	15312	5–22–07	E. G. Steele.	Eaton, Colo.	6
P. R. R.	28426	5–30–07	Tab. Pierce L. Co.	Denver, Colo.	10
P. R.	281190	8–14–07	Bartlett L. Co.	Greeley, Colo.	10
Omaha Territory:					
U. P.	68234	10–31–07	Leidigh & H. L. Co.	Bennington, Kan.	6
N. Y. C. & H. R.	25730	11– 2–07	Leidigh & H. L. Co.	Bennington, Kan.	8
C. & N. W.	81842	8–10–06	Leidigh & H. L. Co.	Ellis, Kan.	8
P. R. R.	64223	8–13–06	Leidigh & H. L. Co.	Ellis, Kan.	6
B.& O.	94918	8–13–06	Leidigh & H. L. Co.	Ellis, Kan.	6
Chicago Territory:					
C. & A.	16150	1–24–07	The Pullman Co.	Pullman, Ill.	7
S. P.	57465	1–26–07	The Pullman Co.	Pullman, Ill.	6
G. T.	10690	1– 9–07	Amer. C. & F. Co.	Chicago, Ill.	8
C. & O.	15065	2–15–07	Armour Car, L.	Chicago, Ill.	8
L. & W.	3908	4– 9–07	Amer. C. & F. Co.	Chicago, Ill.	8
U. P.	50063	8–10–07	Armour C. L.	Chicago, Ill.	8
I. C.	28388	9–10–07	Armour C. L.	Chicago, Ill.	6
C. R. I. & P.	56757	6– 8–07	Hettler L. Co.	Chicago, Ill.	8
O. S. R. R.	6259	7–11–07	Hettler L. Co.	Chicaog, Ill.	6
C. M. & St. P.	61619	9–13–07	Hettler L. Co.	Chicago, Ill.	10
Pittsburg Territory:					
C. M. & St. P.	80782	2–19–07	Gillespie & Co.	McKees Rocks, Pa.	8
P. M.	32010	6–10–07	Gillespie & Co.	McKees Rocks, Pa.	6
T. & N. O.	31000	3–23–07	P. S. Car Co.	McKees Rocks, Pa.	10
P. R. R.	94678	3–28–07	S. S. Car Co.	Butler, Pa.	8
P. R. R.	95076	4–19–07	S. S. Car Co.	Butler, Pa.	10
C. & N. E.	8572	4–22–07	P. S. Car Co.	McKees Rocks, Pa.	8
C. & A.	27841	5– 7–07	P. S. Car Co.	McKees Rocks, Pa.	8
C. P. & St. L.	4161	5–27–07	P. S. Car Co.	McKees Rocks, Pa.	8
C. R. I. & P.	61931	6– 7–07	P. S. Car Co.	McKees Rocks, Pa.	8
Totals and average per cent of capacity used			**2,435,000**	**2,122,380**	**.8716**

DIXON No. 5.

ING THE PERCENTAGE OF CAPACITY USED, EARNINGS PER CAR AN
MILL WITH FREIGHT CHARGES ON EASTERN SHIPMENTS M
BOOTH-KELLY LUMBER COMPANY.

TABLE No. 2.

nsignee.	Destination.	Capac-ity.	Wght.	Per ct. of cap.
son Bros....	Ft. Russell, Wyo..	100,000	89,800	.898
tt L. Co....	Greeley, Colo.....	80,000	65,400	.818
son Bros.....	Ft. Russell, Wyo...	80,000	72,100	.901
Vest. S. Co...	Eaton, Colo.....	80,000	63,320	.791
F. & I. Co...	Coal Creek, Colo...	60,000	65,600	1.093
son Bros.....	Ft. Russell, Wyo..	60,000	68,940	1.149
l Oil Co.....	Florence, Colo.....	60,000	59,100	.985
Steele.....	Eaton, Colo.....	60,000	64,220	1.07
Pierce L. Co..	Denver, Colo.....	100,000	60,000	.60
tt L. Co.....	Greeley, Colo.....	100,000	66,900	.669
n & H. L. Co.	Bennington, Kan..	60,000	39,300	.655
n & H. L. Co.	Bennington, Kan..	80,000	42,600	.532
n & H. L. Co.	Ellis, Kan.....	80,000	48,660	.608
n & H. L. Co.	Ellis, Kan.....	60,000	41,780	.696
n & H. L. Co.	Ellis, Kan.....	50,000	35,000	.70
llman Co...	Pullman, Ill.....	70,000	67,300	.961
llman Co...	Pullman, Ill.....	60,000	61,000	1.017
C. & F. Co..	Chicago, Ill.....	50,000	52,900	1.06
r Car, L....	Chicago, Ill.....	85,000	79,700	.937
C. & F. Co..	Chicago, Ill.....	50,000	55,600	1.112
r C. L.....	Chicago, Ill.....	50,000	54,400	1.088
r C. L.....	Chicago, Ill.....	60,000	61,000	1.016
L. Co.....	Chicago, Ill.....	80,000	81,300	1.016
L. Co.....	Chicaog, Ill.....	60,000	60,000	1.00
L. Co.....	Chicago, Ill.....	100,000	90,720	.907
e & Co.....	McKees Rocks, Pa.	80,000	73,000	.912
e & Co.....	McKees Rocks, Pa.	60,000	54,000	.90
r Co.....	McKees Rocks, Pa.	100,000	85,400	.854
r Co.....	Butler, Pa.....	80,000	61,800	.772
r Co.....	Butler, Pa.....	100,000	63,740	.637
r Co.....	McKees Rocks, Pa.	60,000	60,000	1.00
r Co.....	McKees Rocks, Pa.	60,000	64,000	1.066
r Co.....	McKees Rocks, Pa.	60,000	50,640	.844
r Co.....	McKees Rocks, Pa.	60,000	63,180	1.053
		2,435,000	2,122,380	.8716

AND COMPARISON OF COST AT
TS MADE BY THE

Rate.	Earn. of car.	Cost at mill.	Difference.	Kind of Lumber.
$0.40	$359.20	$418.05	$ 58.85	Common Ro.
.40	261.60	395.87	134.27	Com. Ro. and Wkd.
.40	288.40	333.45	45.05	Common Ro.
.40	253.28	296.42	43.14	Common Ro.
.40	262.40	315.13	52.73	Common Ro.
.40	275.76	314.03	38.27	Common Wkd.
.40	236.40	281.35	44.95	Common Ro.
.40	256.88	245.43	11.45	Common Ro.
.40	240.00	453.06	213.06	No. 1 Common Wkd.
.40	267.60	462.09	194.49	No. 1 Common Wkd.
.50	196.50	203.01	6.51	Lath.
.50	213.00	247.00	34.00	Lath.
.50	243.30	257.64	14.34	Lath.
.50	208.90	223.27	14.37	Lath.
.50	175.00	182.19	7.19	Lath.
.50	336.50	340.85	4.35	No. 1 Common Ro.
.50	305.00	469.94	164.94	No. 1 Common Wkd.
.50	264.50	793.03	528.53	Select Wkd.
.50	398.50	826.78	428.28	Select Wkd.
.50	278.00	389.82	111.82	Select Wkd.
.50	272.00	590.76	318.76	Select Wkd.
.50	305.00	663.70	358.70	Select Wkd.
.50	406.00	506.84	100.84	Select Ro.
.50	300.00	398.02	98.02	Select Ro.
.50	453.60	581.75	128.15	Select Ro.
.625	456.25	345.95	110.30	No. 1 Common Ro.
.625	351.00	274.80	76.20	No. 1 Common Ro.
.625	534.05	644.29	110.24	Select Wkd.
.625	386.25	553.93	167.68	Select Wkd.
.625	398.38	546.62	148.24	Select Wkd.
.625	375.00	549.16	174.16	Select Wkd.
.6375	408.00	541.28	133.28	Select Wkd.
.6375	322.83	459.71	136.88	No. 1 Clear Wkd.
.6375	402.78	688.84	286.06	No. 1 Clear Wkd.

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This is a statement showing the percentage of capacity used in those cars that we shipped in. Earnings per car; comparison of cost at mill with freight charges on eastern shipments. It is made up of forty cars, taken at random, to the Denver territory, Omaha territory, Chicago territory and Pittsburg territory. The total capacity of the cars taken, as compared with the total weight of the cars shipped, shows that 87 and a fraction per cent. of the capacity was used. This statement also shows the earnings of each car, the cost at the mill of the lumber on the car, the difference, whichever way it was, and the kind of lumber on the car.

We think the lumber traffic is different from most other commodities, in that the shipper carries the burden of placing the load in the car and taking it off, and providing the equipment, the equipment necessary to hold it on the car while in transit, and also paying freight on that equipment. This is done in every case, as far as I know, by lumber shippers, and is done at an expense of from $3.00 to $5.00 a car to the shipper of lumber, direct cost, in addition to the freight on that weight of equipment. I have no statistics relative to the proportion of our lumber shipped in open cars and in box cars, but I should say from 40 to 50 per cent in open cars; not less than that. We are allowed 500 pounds for each open car. That has been allowed us recently and does not hardly cover the weight. That does not cover all our shipments—for not over one year.

The demurrage rule affects all cars alike. We are supposed to load a car with 33,000 feet of lumber in the same time that we take to load a car with 10,000 feet of lumber. So far we have had to insist upon our customers giving us orders that will fit any kind of a car, or if they could not do that, give us permission to fill the balance of the car with what we choose or with what they might suggest. It is very often the case, in a case like that, that the customer, since he figures he is getting something, insists that he should get a lower price, and he very often gets that lower price in consideration of loading himself up with something he really does not need, or states he does not need.

We have never had any claims against the railroads with the exception of possibly to not exceed $500 in the years we have been in business. With the exception of the produce grown near by we shipped practically all the materials used around the mill, either by the owners or the employees, from the east.

The most southerly point included in the Pacific Coast trade is Ashland, 340 miles from Portland. The mills in that section of the country are shipping very little, if any, fir lumber east. There are mills as far down as Ashland and Medford and Redfield, that ship, but they ship pine lumber almost entirely, which takes a higher rate than the fir rate. The real movement of lumber east does not begin until you go to about the lower end of the Willamette Valley. I would say that nothing of consequence is shipped from south of Cottage Grove. There is some, but not much south of that. That is over half way from Ashland to Portland. So, while the rate reaches Ashland, the bulk of the movement, almost all of it, is from a point more than half way north of Ashland and nearer Portland than Ashland.

I am familiar with the mills generally in the Willamette Valley and I will say that the condition I have described is just the same all over the State of Oregon, except in reference to the mills sawing that railroad material or having contracts executed prior to this proposed advance. I have had numberless conversations on this subject, and some correspondence, and I find that the mills are in about the same condition we are in, or worse. I know that some of them are in very much worse condition—some of the large mills. I have had some letters on that subject, and some of those letters I think I have with me, covering that point.

We had the same eastern rates during the first ten months of this year as prevailed through 1906 and for previous years. I was not convinced that these rates would be advanced until I had personal assurance from Mr. Stubbs. I did not take into account in our business operations or plans any probable advance in rates before that time. When this information came more directly it was coupled with the statement of the approximate dates when those advances would probably take place. If I remember correctly the date given me by Mr. Stubbs was October 1st, but it was later changed to November 1st. He stated, however, that he was not quite sure of the time, but he expected it would be about October 1st. We knew all during the summer that this advance would not take place before the 1st of October, and probably not until the 1st of November. We made every effort within our power to complete the orders on hand prior to the advance, but we were not able to do so on account of the lack of cars. We did, however, get rid of quite a lot of our orders. The

only reason why our shipments were so much more during the first ten months of this year than they were during previous years was, we could not get the cars.

Of course, the advance in the California rates stopped shipments there to a large extent. The percentage of our shipments during the first six months of this year was greater than during the first six months of last year, but the number of cars shipped was considerably less, very much less. The only reason for that was because we could not get the cars. Prior to our knowledge of the advance there has been no reason why our shipments should fall off except our inability to get cars.

Our company have been in business, I think, ten or eleven years. It is a corporation. The present value of the property and plant is about $572,000. I do not think I can state how much money has been paid into that company exclusive of its profits; or how much of this present value of our plant is represented by money paid in independent of the profits of our business. The figures given you representing the value of the mills and logging equipment, are what those items cost us, less the depreciation as shown. This $572,000 is what they cost. I would not be able to know how much of that is money other than that derived from the profits of our business, for the reason that our company has other properties aside from the mill properties and logging equipment. I might answer by saying that we have made practically no profit during the time we have been operating, or very small profits. Our capital stock is $2,000,000. I could not state how much money we have paid in. I do not know how much of that capital represents money actually paid in. I have never been manager of the company and have not been in touch with that branch of the business.

Our company has not declared any stock dividends since the time I have been an officer of the company or had any knowledge of the stock part of the company, the corporation affairs. That has only been, I should say, four or five years that I have been in a position to know if there had been a stock dividend declared. I am now a stockholder. I will change that. I will say probably eight years, and in that time I have never been paid a stock dividend. If any had been paid I would have received one. There are no other active operations of our company outside of the mills I have spoken of. The other properties of the company consist of the timber holdings.

There has been no other source of income whatever except the operation of the mills and except from the occasional sale of outside timber or something of that kind; no steady income and no other revenue producing properties. I am not able to give a financial history of our company from that standpoint, for the reason that I do not know.

Cross-Examination.

I understand that this $2,000,000.00 stock is treated as paid up. It has not been offered to my knowledge to the public to buy. I never saw or heard of a prospectus some years ago inviting people to come in and buy some of our $2,000,000.00 of stock. After deducting all the items shown on exhibit 4, we made a profit in 1906 of $2.81 a thousand; and we cut in that year about 90,000,000 feet I think. The 80,000,000 feet according to the statement are the shipments. What we cut and what we ship are two different things. We made that profit on what we shipped. We did not make any arbitrary allowance for interest. That is the actual interest paid, which divided amounted to 70 cents for interest and discounts. We allow 40 cents per thousand feet for depreciation. The total investment in the mills and logging properties would be $570,000.00. In considering whether there was any depreciation in anything other than the mills and logging properties it would depend on what you would take as the standard of value. We figured this depreciation only on the actual properties subject to decay and loss. That was the mills.

$8.94 was the actual payment of cost. It does not include all we paid out—interest and taxes and general office expenses, etc. We had to pay for what we did not ship as well as what we did ship. At 10 cents a thousand on the 90,000,000 cut that would be $900,000.00.

The item of $56,000.00, which you have taken as interest, in the first place is not all interest; part of it is discount. I mean by discount, discount for cash, on the ordinary terms of sale. That is a deduction from our selling price. I could not separate that exactly. Ordinarily it is 2 per cent. of the amount of the invoice, when there is any deduction made. Those are the actual figures, and at the end of the year we ended up with $2.81 a thousand profit on the amount shipped, 80,000,000 feet.

That $570,000.00 is an actual investment in those two items, mills and logging property only. That is what it cost. What we paid for it in cash. I think I know that. The cost of the machinery and property and buildings, the actual construction of the property. That is not the aggregate amount charged to our construction account since we began operations. We charged off 40 cents a thousand for depreciation. My understanding is that our books are closed on the basis of this statement, and the deterioration would be charged off, the mill properties, and it is charged off each year and subtracted from the account representing each particular mill. It is a matter of fact that the depreciation has been charged off every year. I mean to say that that $570,000.00 is mills and logging equipment; that does not include the timber.

We paid for the timber varying prices. I am not thoroughly familiar with the early history of the company. I am familiar with the later stumpage purchases, of some of them. We are trying to earn interest on all our investments. That is not all the investments we claim to have made there, or all the value we claim to have. We have the value of the timber. That is the investment or value we claim to have in saw-mill business, and it is practically true from the operation of that plant that we have made $2.81 per thousand feet, but it would have been impossible without the timber behind it to procure a source of supply. We have charged ourselves with 50 cents a thousand for the timber and that is very much less than we would have to pay anybody else. It is not very much more than the timber cost us. The last we got cost a good deal more than that. I think the first timber we bought cost us more than 5 cents per thousand.

I hardly think that Grant Pass has been a good sized town, about as big a town as it is now, for the last 19 years. It has grown a good deal within my knowledge, which has been 15 years. I said that members of our company had logged off the town-site twenty odd years ago. I said they did get pine from around Bedfield and Ashland. My understanding is that the pine rate is higher to the East than it is on fir. The pine is largely in the nature of box shipments and I am sure it takes a higher rate than our fir lumber. I do not know as to the straight lumber; I know there is very little of it shipped. I do not think box shipments do not take the same rate as the lumber rate.

Desolation reigns in a good many sections in Oregon, over fifty per cent. of them are closed down and the mills are closing almost every day. The rates to Utah were changed twice. We did not ship anything to Utah during the month when the advanced rate was in effect. That was the month of November. I do not know whether we are shipping now. I have not been home since the first of the month. All the points we ship to are affected by that change in rates, and quite a good deal of our lumber goes to points where the rates are raised. I do not know of any change in rates in Oregon and Washington or in Idaho and Utah, except the one that is mentioned to Utah. We cannot ship to Idaho at all. As the tariff stands I think there was no change to Utah. To Colorado there has been a raise of 10 cents to the points we have been usually shipping to. Taking our shipments east to the Missouri river, they have been largely made to railroad companies and car building companies, for the ultimate use of railroads.

The shipment shown on Dixon exhibit 5, to McKeesport, Pennsylvania, was for the Pressed Steel Car Company. The car was selected car material; I should judge long sills and car lines and framing timber, and possibly siding. The net value at the mill was $640.00. I cannot tell you what we sold it to the Pressed Steel Car Company per thousand feet. There is no record of the invoice here. During that time I should say we got for that class of stuff about $20.00 per thousand. Not knowing just what was on that car it is pretty hard to guess. It was about $19.00 or $20.00 a thousand at the mill. The capacity of that car was 100,000; the load was 85,000 pounds. I should say that it would probably weigh about 2700 pounds to the thousand feet, and a large car would probably hold 31,000 or 32,000 feet or somewhere around there. We get from $19.00 to $21.00. I think $21.00 was the high price. That order was shipped sometime ago. If it cost $8.94, plus $2.03, it would cost about $11.00 on the average to manufacture. We did not make $9.00 a thousand on that shipment because in producing that high grade material we wasted a lot of lumber that we did not get anything out of. Some of that we burned up as culls. We have in our timber quite a percentage of stained blue, rotten, knotty material that we cannot ship on any freight rate we have now. I think our percentage of refuse is a little higher than 6 or 7 per cent. We did take all that out in the log scale.

Our logs have always under-run. We have not been able to make our log scale hold out at the mill on any kind of timber, the average of a day's cut. The Booth-Kelly Lumber Company has always had under-run on every years' operation. That is, we have had less lumber than we have had in logs, owing to the quality of the log. We never have made an over-run in any year as far as my knowledge goes.

We have never shipped any rough lumber into Kansas; some into Nebraska. We have shipped quite a little rough lumber into western Nebraska, railroad material altogether, however. None as a commercial proposition.

We have been able to ship nothing of consequence on the 50-cent rate. All the stuff we have shipped east of Kansas into Kansas, Nebraska and east has not been this $20.00 high class stuff; not east, except judging by the points of the compass. We shipped some low grades of material into Chicago —that is comparatively low grade material. For timbers and ties, varying in different years from common sized timbers and ordinary ties, we have gotten when it went to Chicago $8.50 or $8.00, to $13.50; and in some instances we got that $13.50 at the mill for ties that went to Chicago. The ordinary track ties, such as I presume is meant, we did not sell any of consequence in 1906. The ties I refer to were bridge ties, larger and longer than ordinary ties, and surfaced on one side, for which we got $13.50, our contract price for the year. We did, however, sell some ordinary track ties, quite a large contract, at $10.50 at the mill during the year 1906. The general price around Portland was not $15.00. I think there was a time when the price got that high, but I cannot vouch for that exactly. The bulk of our common stuff has gone south, or to this Utah territory, to California and locally in Oregon and Utah. We have lost money on a good deal of it. Otherwise we would have a higher average on our general output. We sell locally in Oregon just around our mills; not in Portland or any large market. That sale right locally has not fallen off so much. We have never gotten anything into Idaho. Our stuff we moved into Utah is capable of moving there now just the same as it ever did. We have the same markets under the present rates for our common lumber as we had before, excepting California. So far as eastern territory is concerned, we have not, because you remember I stated to you that we shipped quite a good deal of common lumber, rough stuff, to Chicago. We have not the same market for our common rough lumber now that we had before. We have sold

common rough lumber, yes, but we do not have to keep our lumber rough. We surfaced a large part of it, and shipped it to Denver prior to thirty days ago. A large part of this lumber goes into Denver. I do not think we will be able to sell anything there whatever with this advance in rates. There could not be any very large drop in our case in logs; our stumpage charge of 50 cents. The other is an actual charge for labor.

Answering generally, from reading and general information that I have, I would say it costs us more to manufacture our lumber than it costs the southern mills on account of the general cheapness of labor in the south; but I could not go into details on that because I am not informed. On those upper grades which we have sent east in the past for No. 1 flooring in 1906, I think the price at the mill ran on eastern shipments, from $26.00 to $30.00 for No. 1 vertical grain. That is my recollection of the prices. It went on down the line of the grades until it reached lumber that we sold for $9.00, $10.00, and $11.00 at the mill. It ran from $9.00 to $26.00 and $30.00 a 1000, for the stuff that we were able to ship east. That is about right. I think the low price that I gave you would not drop much below that, because it could not. The high figure, representing the good lumber, would drop materially, now, if there was any demand, due to the fact that a great many mills will have to go out of business, and they will have to sell their stocks for what they will bring. At a sheriff's sale they will not bring much. Men will have to sell $30.00 stuff which cost them $10.00, at what it will bring, because they will be forced out of business and will have to liquidate. This stuff that sells at $30.00 weighs about 2,000 pounds to the 1000 feet, or less. When it goes down as low as 1,200 it is not at that price. When it is cut in two it goes down to about half the weight, but it does not bring much more than half price. Understand, however, that there is only occasionally a carload of this $30.00 lumber moved. The logs do not make much of that grade of lumber. We never sold or aimed to sell on the price list made by the other members of the Oregon-Washington Lumber Manufacturers' Association. We got more or less as the occasion might be. We tried to get all that we reasonably could in every case. I have not one of our lists, but ours are very similar to the ones you have in your hand. I could identify them.

(Dixon Exhibit No. 6 and Dixon Exhibit No. 7, Record page 200, consisting of price lists of North Pacific Lumber Co., and

price list of St. Johns Lumber Co. of Portland, issued July 14, 1906, offered in evidence.)

Those are the same prices which were contained in our list of the same date. Those do not represent a comparative standard of values, from which there was a discount, or to which there was an addition. We sold sometimes below the list and sometimes above it.

(Dixon Exhibit 7-A to 7-M inclusive, offered in evidence, Record page 201.)

I think you have a wrong impression of those lists altogether. They were not the prices which from time to time we thought we ought to obtain for our lumber and which we aimed to obtain: They were, as I stated, a standard of values, as showing the comparison in values between one grade of lumber and the other, the weight, selling terms, and the cost delivered, taking the price plus the freight; and as I told you, sometimes we tried to get or thought we ought to get the price stated in that list; sometimes more, sometimes less. That was somewhere near the price. It was then $5.00 or $6.00 a thousand feet. Those circulars fix the standards of values between the different grades; but the lumber has been sold, at the same time, by different parties at $3.00 and $4.00 a thousand less than the prices stated there, and $3.00 and $4.00 more, the same grade of lumber; so they do not fix the prices in any sense of the word. The man who was getting a profit of $2.81 could not vary the price between $3.00 and $4.00, but some mills did.

The members of our association did meet and discussed prices. I cannot agree that we made these lists as indicating the amount we ought to get, for the reason that sometimes it indicated more than we thought we ought to get, and sometimes less; but the relations between the values of lumber, for instance common lumber and clear lumber, will change rapidly, owing to methods of manufacture, and estimates of weight and all those things. That is to say, there is quite a substantial change in the valuations between the different grades of lumber, one grade raised a little and another lowered a little, in comparison with the previous list.

All the way from three or four to thirty or forty used to meet when we fixed these price lists. We did aim to express in these lists the relation of the values. We sold our lumber, as I stated awhile ago, within five dollars or six dollars of that basis. We departed from our list ten dollars a thousand. We never got ten dollars over the list for anything. We have

got ten dollars below the list. It is pretty hard to find out what others were selling for at the time we were selling ten dollars below the list. It is pretty hard for a lumber man to find out what other lumber men are selling at absolutely so he can testify to it, but I can tell you what we were selling for. I think during the major portion of the time the Portland mills, during 1906, were selling at varying prices below the list. I do not believe they stuck to any of those published lists very long. I don't know what they sold for, only by rumor from buyers and others I think they were below. I do not think they were at these list prices. I know that to my own satisfaction.

When you first asked me the question, you brought in the year 1906. I did not understand you meant to confine yourself to any one year. I do not know that in that year I sold anything ten dollars below these list prices. I doubt very much whether we sold anything at five dollars below the list prices in 1906. Quite a good many at three dollars below the list. Numberless carloads of all classes of material, everything from common lumber to clear flooring. Mind you, there are several lists there covering those years.

All the time we had a California list and an eastern list I think, and the prices almost always varied since we had the two lists. I do not remember now the extent of the variation. It would be a simple case of subtraction of those figures. Primarily and necessarily there will be a variation in the two lists on account of the difference in weight of the lumber going to the two different markets, and the difference in the segregation between the different classes of lumber. We have departed from all of these lists here for the year 1906, I think to the extent of three dollars a thousand. The demand for lumber caused by the fire did not come until the middle of the year, you know. As a result of the fire, prices advanced quite sharply. We attributed the sharp advance to the result of the California fire. On quite a number of items, the clear fir finishing for window frames and so on, we departed three dollars from the list price. We sold for various prices all the way through. I think thirty dollars would be about the top price, the price I gave you a while ago for clear flooring, and from that down to fifteen dollars. This window stuff at the time that varied three dollars a thousand from the list, was from fifteen dollars to thirty dollars at the mill, owing to the grade and dimensions. I think on No. 1 flooring we did the same thing. The figures I gave you

ion that at the mill a while ago were twenty-six dollars to thirty dollars. Our list price on No. 1 flooring at the mill on July 14, figuring back with the freight, would be about twenty-seven dollars; and at that particular time we probably sold that No. 1 flooring as low as twenty-four dollars or twenty-five dollars. Your previous question as to the price of flooring did not refer to this list. That class of goods to Colorado, south, and some special stuff is all that we have ever been able to sell east of Kansas and Missouri river points.

Of the total shipments that were made out of Oregon it is estimated that about six hundred million feet of the entire output went out by rail. Very much less than half of that went down to California. If I remember rightly, from your record the shipment south was seven thousand cars, against some twenty-one thousand or twenty-two thousand cars east. I should judge from the carload shipments, about a fourth of it went to California and Nevada, but I do not know. There were only four hundred and fifty million feet out of two billion feet of lumber in Oregon that went east by rail at all. That would be about the figure.

I cannot say that that was the very best year for eastern shipments that we have ever had. It is the only year that we have hunted up the records for in regard to the whole state. I presume for the state at large that was the best year in our lumber history.

I should say of this four hundred and fifty million feet about seventy-five per cent. or more, or at least seventy-five per cent. went to Denver and the east. I am unable to make any segregation between those two points, Kansas and Nebraska, and east. I have furnished a statement exactly of our shipments, and I will have to guess at the other fellow's. I presume they would be about in proportion to our own.

I would not think our commercial sales would represent a fair criterion of where this stuff went, that is this four hundred and fifty million feet, on account of the railroad material that went with it. The railroads bought none of this stuff in our case f. o. b. the mill. We always add the freight rate when we deliver.

On this shipment to McKee's Rocks, Pennsylvania, we included the freight in the delivery price. If the freight had been less we could have gotten more for the lumber. This railroad material that we sell east of the Missouri river is several kinds—all kinds. It is ties, posts, stringers. Both car building material and railroad material. No common ties

sold that far east; but bridge ties or bridge timbers, six by six, eight by eight, stuff of that kind. I could not tell you what the various mills get for that kind of stuff. The common size bridge timber with us is between eight by eight and fourteen by fourteen, or twelve by fourteen rather.

We sell all in one order, but at a specified price for each item. The railroad buying the material gets to haul it, and that is quite an item; whereas they would not haul it if it came from the south. I think that is a large item. Another thing is, we think our fir material is better for construction purposes than the southern pine, and I think the fact that the lines using the material reach into the timber is a predominating factor—either the lines or their connections.

I do not understand that Item "G" on my statement east of the Missouri river includes both this railroad material and our commercial stuff. We have made a separate item of the material going east of the Missouri river for railroads. I think I know as to that. If I remember the list made up for your office, according to your specification, and in hurriedly adding it up, I thing that is the way it figures out. Fifty per cent. of our whole output this year went east by rail and 43 per cent. last year. I do not know anything about the percentages; but the statement is of the whole shipments, and I presume it is twenty-seven per cent. of the whole shipments that went east of the Missouri river. The figures asked of us to produce were in relation to our entire shipments.

As a whole, I cannot see but what our business would be fairly representative of the eastern rail shipping mills, taking everything into consideration. I have been looking this statement over and adding it up and the percentage if it has been figured right is of the total shipments. That would be not only of what goes east from Portland but of what goes south. In other words, it would be half of the material that goes through overland. That is not all of it that goes east. There is another item that goes east as well, for railroad construction. That is not included in the twenty-seven per cent. In my own mind I am positive that it is not included in it. That is three million feet and amounts to about eight per cent.

I think our business is a fair criterion of the other rail mills. The Portland mills ship quite extensively by water. I do not know the percentages of their output which goes east, but I know the shipments are quite heavy. The Columbia River mills can ship either by rail or water, but not those on the Astoria and Columbia River Railroads. I made an in-

quiry to get general results from the mills that are members of this organization, as to how this rate was going to affect the different mills, but not the exact figures. I did not undertake in regard to any of the mills other than our own, to ascertain in thousand feet or anything else of that kind, how much of this stuff went to any point in Kansas and Nebraska or east, which would really be affected by any change in the rates.

I prepared this statement showing to what extent our business would be affected, by request of counsel for the railroads, but I had another one prepared at my own suggestion, giving about the same figures, on my own initiative. Our mills in Oregan have closed down as a result of this change in freight rates. We have already been holding back a good share of our total output on account of inability to get cars, and if we have to hold back any more we cannot operate. That lumber, as I told you, was sold at from nine dollars and ten dollars to thirty dollars, but I will say, however, that if we cannot move the percentage of lumber we have been moving east, we cannot operate on the scale we have been operating on.

Mr. George Kelly is not the president of our company, but I know him quite well. Prior to 1901 the Booth-Kelly Company did not ship east of Colorado to a very great extent.

We made some shipments, I don't know how extensive, down into Indian Territory if I remember right and New Mexico. I am not familiar with the records prior to 1901. I do not think we shipped prior to that time a stick into Kansas and Nebraska and east of the Missouri river territory. We shipped very little. Our shipments were made to Utah and Colorado to a certain extent and California and locally. In 1901 we shipped east of the Missouri river 174,000 feet of lumber all told. In 1906 we shipped 21,000,000 feet. That is not practically all high class stuff. The railroad material was not what you would consider high class material. It was not clear. Quite a good deal of it was, however.

Prior to the Harriman merger people used to come and solicit our business from points east, and Kansas and Nebraska and east of the Missouri river. We had some kind of a way of getting into that territory, and we also had a way of getting into Colorado and New Mexico and old Mexico and the territories.

(Note: Record page 227 shows reference to testimony of Mr. Kelly in so-called merger case, beginning on page 222 and extending to page 240 of the printed book of evidence in that

case; but it does not appear to have been marked as an exhibit, but leave was granted to refer to it.)

By "cost at the mill" in my Exhibit No. 5 is meant cost to the purchaser. It might have been headed "value at the mill."

I have been engaged in the lumber business in Oregon about fourteen years, alone for a number of years and with a partner for a year or so after that, and then with the Booth-Kelly Lumber Company the balance of the time. I think the Booth-Kelly Company and its predecessors have been doing business for about ten years. I have been with them eight years; they began about 1897. We have no record of our lumber shipments that far back. The great rise and increase in our business east of the Missouri river in 1906 I think could be attributed to the fact that we got a better car supply during that year, got more cars for our mill, more capacity not more cars but larger cars, enabling us to ship more lumber in feet. We did not get anything like the cars that we needed. I do not know that we could have shipped more out of that output in 1906, but our output would have been greater and our shipments larger with more cars. In 1906 the freight rate adjustment to points east of the Missouri river was such that we could have shipped large quantities of lumber east of the Missouri river. At the same time we had a very strong California demand.

It is my impression that the differences between the shipments shown under the various heads from C to I inclusive in my Exhibit No. 3, and the total amount of our shipments went to California, probably to California, and some locally. Oregon and Washington are under one of the headings in the exhibit. Those were shipments, however, and the local sales would be those by teams. Our local shipments around our own home town are comparatively unimportant.

There was another reason for the increase of our shipments in 1906 over previous years, beside our having a better car supply. We took in that year large orders, the largest we have ever taken, for car material for the Harriman cars, for which they agreed to furnish the equipment and did furnish it. That accounts for the car supply and for the shipments in feet.

It is true that the reason why our shipments for the first ten months of this year were so much less than last year was because we were not able to get cars. We have no orders for that class of material this year, which the railroads were to

furnish cars for. Last year we did. We have not had such a good car supply, having reference to the sales made by our company in 1907 as in 1906. Our large increase in shipments east of the Missouri river in 1906 over 1905 was due to large orders which we received for railroad materials, for car building materials.

Our increase of shipments for railroad material purposes in 1906 over 1905, as shown under item H in Exhibit No. 3, was only about 900,000 feet. 1,100,000 feet, I think. Our general shipments east of the Missouri river increased a little less than 10,000,000, about nine and a half million. It is very possible that some of this car material is included in the shipments east of the Missouri river, which are not headed "Railroad Material." I know that it was for the use of the Harriman Road.

Our selected rough weighs 3,300 per 1000. No 1 clear, worked, weighs 1,900 pounds per 1000 feet. The common material worked would be somewhere from 2,700 to 3,000 pounds, and the 3,300 stuff is the rough common.

There was quite a good deal of agitation about the matter of getting the rate to Missouri river points reduced from 50 to 40 cents, and the Harriman Lines were approached informally, at least by correspondence, but I had nothing to do with it, and I am not familiar with the motives altogether. I think the result of that reduction would be an enlarged market for fir, the opportunity to ship more lumber into the territory. That was what they were after, the movement of a larger amount of traffic. I think that was the idea.

From copies of letters published in the press and the rumor that was in all the newspapers and in the mouths of all the lumber men relative to the matter, I know the Harriman Lines were approached a number of times. I do not know whether they declined to reduce the rate, they did not reduce it.

Explaining what I have testified to regarding our investment, I thought it might appear that the amount of interest we were charging against the amount invested in our plant was not shown in the true light, it appearing perhaps when figured out that it was rather a good sized interest charge against the investment. As a matter of fact we have at this time not less than $900,000 invested in lumber which we are unable to move and logs on hand, and open accounts. This amount should be in fairness added to the investment in our mills and logging equipment before taking anything for a basis for figuring interest charges, and on this amount we have, as our records show and as the statements I made show, made no reasonable

amount of interest. We have never been able to average six per cent., say, per year on the actual cash invested in the plant and stock on hand.

Another thing that I think was not perfectly clear, and I did not make it clear at the time for the reason that I wanted to stick close to the questions asked me, was in regard to the list that the lumber men used. I am familiar with the circumstances under which that list went into effect in our association. It is suggested now that we were the only lumber manufacturers in the United States who did not use a list, and all the people we came in connection with, the salesmen for machinery houses, belting houses, iron pipe, iron and steel salesmen, had a list representing or showing the difference in value, for instance, between half-inch black iron pipe, and one inch or two inch pipe, and that if that half-inch pipe was worth a dollar for a given amount, the two-inch pipe was worth, we will say, four times as much. It was suggested that we were backward in that respect, and it would be better for us to get a list, showing the relative values of our stock, so that if it was once determined that common lumber was worth $10.00 a thousand we will say, on that basis, clear lumber would be worth $25.00 a thousand, or if common lumber was worth $11.00 the clear lumber would be worth $26.00, and so on. That if a piece of dimension from 12 to 24 feet long was worth a certain amount, a piece of dimension from 24 to 32 feet long or from 32 to 40 feet, and so on would take a stated increase on account of the additional length, or in case it was an additional width, the same style of increase.

Explaining that, I will just say that our lists showed their value on the common items. You will find statements in there that for a different grade you add $5.00 a thousand to the price of common or substract $2.00 or $3.00, whatever the case may be, keeping the parity between the grades, the same all the time, regardless of what the base price is.

Now, another point, as to the $30.00 lumber that we sell, and what I say about our lumber is true of the lumber in the Willamette Valley, and to a very large extent of the timber east of Portland on the O. R. & N.; our logs run very largely to common and the percentage of $30.00 lumber in those logs is no more a criterion to fix the value by than the percentage of cream or the fact that there is cream on milk makes the value of the milk equal to that of the cream.

We have in our lumber less than 5 per cent. of this $30.00 lumber. We have not to exceed 20 per cent. of all grades of

clear, varying in price from $15.00 to $30.00. As against that, we lose about 5 per cent. of our logs in manufacturing. That is, our lumber scale, the amount of lumber gotten out of the log is at least 5 per cent. short of the measurements of the log, owing to defects in the log. Of the 95 per cent. actually manufactured, another 5 per cent. or more is thrown away, wasted and burned after being once made into common sizes, on account of the defects in it. 35 per cent. of the actual lumber manufactured in the Willamette Valley is a grade below common, usually called No. 2 common, and is sold for a little less than cost year in and year out. The other 40 to 45 per cent. is sold at varying prices from cost to $1.00 or $2.00 above cost, on up into this $30.00 lumber. Now it seems to me from our standpoint that what we care about and the vital point is what our average price is. If we have to throw away some of our lumber it is our misfortune. If we are able to make up half that loss by selling some at a higher price it helps to a certain extent to balance.

I have here a pamphlet from the Department of Agriculture, issued yesterday, giving the average prices for the year 1906 at the mill, of all the common woods in the United States. The average is higher than the average received at our mill, and I will explain that by saying that in some sections of the states of Oregon and Washington to my knowledge, there is timber vastly superior to the timber in the Willamette Valley and on the O. R. & N. east of Portland, that there is timber worth four times, I will say, as much as our timber, and these people, while in many cases they have to pay an additional cost for manufacture owing to their location, they do get a choicer and better grade of material, for which they get a higher price.

As to these average prices I would like to give you three figures. The yellow pine average for 1906 was $15.02; the average taken from several thousand mills; the Douglass fir average was $14.20, a difference of 82 cents in favor of the yellow pine manufacturer. The total of all the woods of consequence, the average of those woods was $16.60, a figure $2.40 better than our average.

Now then we feel at this time we are getting $2.40 less for our material at the mill than our competitors in all the other woods. These are prices at the mill, and now being asked to reduce our net price at the mill by an additional amount of $2.80, putting us $5.00 below this general average, makes an impossible proposition for us to handle.

I also notice in this pamphlet something very interesting in

relation to the advance in prices since the year 1899, to 1906, of the six leading woods of the United States, the advance being, in yellow pine, 77 per cent., cedar 66 per cent., in cypress and redwood 64 per cent., in poplar 73 per cent., and in Douglass fir 63 per cent. The latter is the lowest average advance of any wood. I think in the face of that showing we cannot be accused of advancing our prices unreasonably, and also in the face of the showing of the profits we have made.

The pamphlet of which I have been speaking is issued by the United States Department of Agriculture, Circular No. 132, dated December 11, 1907.

These averages include yellow pine, Douglass fir, hemlock, oak and everything. The price for each wood is given separately. Now I presume from our figures which I have explained and which I have not had time to total up, we will show something less than 50 per cent. of our output shipped east of the Missouri river. In the case of some mills I am familiar with the showing will be greater and in some less. I am unable to determine just what the average will be, but probably larger than ours.

I want to say that the price at which this, we will say, 40 per cent. of our material, whatever it is, is sold at, determines the success or failure of the lumber industry on the Pacific Coast in my opinion. The 35 per cent. that we sell at less than cost is sold close to the coast, or on the coast, or locally, perhaps locally, some of it.

The percentage that we ship east carries with it a profit sufficient to care for the lumber shipped east, and to make up for the loss on the other lumber perhaps. If we cannot ship that percentage of our lumber we cannot in any way that I can see make up for the loss on the other. If we cannot ship that from thirty-five to forty per cent. of lumber that now goes east I am unable to see how we can operate unless we can dump that surplus which we have been trying for years at great expense to work off back on the coast markets. If we did this there would not be any coast market in thirty days or less time because the coast is now absorbing all it can take care of.

A question was asked me by Mr. Prouty yesterday which showed me that he believed that if we could ship to Kansas City and meet a twenty-three cent rate in shipping to Denver and meet the thirty-four cent rate, we could have all the difference between the freight at those two rates as additional profit to ourselves. That does not follow at all and is not the case for this reason, we have the two lists, which were intro-

duced yesterday, one a base price at the mill which does not vary. The other is the selling price on a number of different rates. The selling price on each rate is made by taking this same base price at the mill and adding the freight. So that regardless of whether we sell a certain item on a fifteen cent or an eighty-five cent rate, we get the same price at the mill. Now if we are selling on the thirty-four cent rate, the only difference between that and selling where we meet the twenty-three cent yellow pine rate is that we will sell more material, sell a lower grade of material and do more business generally, and then, where we go on and meet the twenty-three cent rate, we make the same profit on what we sell, but we sell less, and we sell only those particular items called for, for that market, and that the yellow pine mill cannot compete in. I wanted to make this point perfectly clear so that there will not be any misunderstanding about our attitude.

Our logs are very much poorer than those logs on the Columbia west of Portland, and those of the Puget Sound logs that I have seen are poorer than the average. There is a very great deal of waste about our logs and other logs throughout the Willamette Valley. I just explained that we lost about five per cent. before we get the lumber manufactured and I think we waste at least from five to seven per cent. after that. That is clear waste. That would be a total out of the log of say ten or twelve per cent. In addition to that, we waste a very large percentage of the tree before we bring the logs into the mill. A large part of it is left in the timber.

The amount that we leave in the timber depends on the markets altogether. If we have a good market and are able to our low grades, we cut it up pretty closely. If we are not, we have to leave the tops to the small logs in the wood on account of our inability to market them.

Recently we have been cutting our timber closer, and I do not believe leaving over twenty-five per cent. in the wood of what could be taken out under any circumstances and worked up. I think it would not be an exaggeration at all to say that of the standing timber we leave twenty-five per cent. in the woods, we waste fourteen per cent. of what we take out of the woods and we sell thirty-five per cent. for less than cost, of what we bring out.

We are not making any provision for the waste. We just want a rate that we can do business on the same as we have been doing for the last ten years. We could sell the thirty-five per cent. east if we had a low enough freight rate.

I would like to state in relation to the waste, that there is such a thing as overripe timber, and the large percentage of the timber or a great deal of the timber in Oregon is what is called overripe. It is deteriorating on the stump each year. That is especially the case after fire has passed through the section, and very often it is the case with live timber that it noticeably depreciates year after year. A great deal of our timber is in that shape now. If cut within a year there will be a certain percentage of waste. If cut two years from now there will be a very much larger percentage of waste.

In saying that thirty-five per cent. of our output must be sold at a loss irrespective of any rate which we may reasonably expect, to eastern destinations, I was speaking from our records up to this past year. It has been our record that we had about thirty-five per cent. of our output that was sold at or below, I would say at least thirty per cent. of it sold below, below the actual cost of manufacturing it. That percentage that was sold below cost had to be sold at a closer rate than a forty cent rate and was shipped as a rule to California points and Oregon and some of it on the forty cent rate. Our record is that on the forty cent rate to the east, thirty-five per cent. of our output would have to be sold at a loss. We want a rate that enables us to make an average profit above our operating expenses sufficient to carry on the business. I do not think it is true with respect to lumber cuttings everywhere that the large percentage of it must be sold at what would be a loss if it was all sold at that price.

It does not apply nearly so much to the yellow pine business that a considerable part of the product is only available for nearby markets. The yellow pine timber is a larger percentage of clear and less waste than there is in our timber. The timber along the Columbia River and Puget Sound is very much more clear and less waste, and wherever shipped to the large cities they do not waste the slabs or the sawdust. It is all utilized. On the rates existing now we manufacture and sell laths to Kansas to a very limited extent.

In figuring our return we figured on the basis of selling eighty million feet and inventorying the other ten million feet at what it cost to manufacture. That is, still on hand.

There is more waste in some sections than in others and in many mills not nearly the waste that there is at our mill. I do not see how it could be possible to stop the waste in Oregon by the advance in rates proposed in this case. The waste in the cutting will be stopped but the deterioration in the timber

will go on just the same to a larger extent because it will not be manufactured.

R. A. BOOTH testified on behalf of the complainants, as follows:

I have been connected with the Booth-Kelly Lumber Company from its organization. The initial steps were taken in 1897 but the work as I remember it was begun in 1898. I possibly can make the account of the investment in the Booth-Kelly Lumber Company plainer by reciting briefly the history of it so far as the construction of the plant was concerned.

We first had a small plant. Later we added three others. We have invested in cash in the construction of these plants about three-quarters of a million dollars. We annually reduced that figure until it reached the figures given yesterday. I understand that those were taken from the books. In addition to that, of course, we have the investment that is necessary in carrying on the business, such as receivables and whatever is pertaining to the manufacture of the lumber, the logging, carrying the stock of lumber and carrying the stock of logs. Our investment in logs is quite large because we do considerable contract work, practically log a year in advance. For instance, we have at this time, to the best of my knowledge, about forty million feet of logs. That is the condition generally at this time of year. Now we have our own timber bodies, hence the cost of our logs is less because as we carry our accounts, we put them to the mill at the actual cost. That necessitates of course an investment in timber lands, and while it would not ordinarily require the investment in timber lands, yet it is fair to charge against the operation, to take the figures we have as the cost line, some investment in timber or else that could not be done.

The initial expenditure in plant for carrying on our lumber producing business has been about three-quarters of a million dollars. The five hundred and seventy thousand dollars which now appears on our books as that investment, is the balance which remains after charging off annually for depreciation, the amount actually expended. There were no profits of the business at the time the investments were made. The only profits have come, so far as our books show, from operation, and these were investments preparatory to operating and constructing the plants. The Booth-Kelly Company is a corpora-

tion and stock has been sold in that to various parties. No treasury stock of the corporation was ever sold for less than one hundred cents in cash.

Cross-Examination.

We have increased our stock from time to time. At the present time there are in the treasury 1274 shares, I think, or approximately that amount. When we commenced operating we were not a corporation. It was wholly experimental, and after we will say a year's operation there was a proposition to incorporate and take into our association other persons. At that time we put a valuation upon what we had. We invoiced it. We considered it worth thirty thousand dollars, and there was an addition made in cash to that of twenty thousand. That is, we incorporated it at fifty thousand dollars, the four persons who were then parties to the business, receiving seven thousand five hundred dollars each, and the others, four thousand and five thousand dollars each. That was the beginning, about 1898. It might have been late in 1897.

Later we increased, I do not think that I could positively say how many times. We have increased up to the present time at two different times, when the stock was increased in small amounts, when we revalued our timber lands and the parties who were in received an advance equal to the difference in valuation, equaling the difference in the actual cost in the expense, we will say, from $50,000 to $150,000, they subscribing with the other parties to the additional amount of stock and paying for it. Those amounts were trifling and the whole of it was inconsequential. I would say the first increase applied to about 25,000 acres of timber land. That might be inaccurate. The last increase was very shortly afterwards, and there was not a very great increase. The most of the increases have been when we had purchased additional timber lands. That was done for the purpose of obtaining cash to pay for the timber lands, and they were paid for at par. As nearly as I know we hold now about 225,000 acres of timber lands. We buy small quantities of logs from other people at the present time. This year it might be, say one or two per cent. At other times it has been ten or fifteen. We have other people logging for us. We do not do all of our own logging, but the most of it comes from our own lands. As policy we would buy from others if we could, of course, but the amount we actually buy of others of the stumpage that does not belong to us, is small

We have four mills now. Our first mill was situated at Saginaw. Our others are now situated, one at Coburg, one at Springfield and one at Wendling. The Wendling mill is on the Mohawk branch. That branch is 16 miles long, from the Natron line. To get from Natron over to the main line of the Southern Pacific, the distance between the two lines is less than one mile, as I understand; with the connection it might be 100 yards more, but practically that. Of course the lumber has not until very recently passed over that because it came down the Natron line. The branch line was built at our solicitation and by our contributing largely to the construction of it. We contributed the right of way and the ties. It was built under some stipulation and practically under agreement with us.

Re-direct Examination.

The Southern Pacific have and are operating two mills on that line, and there are four others that I know of, but my information might not be accurate as to that.

Our present plant almost wholly represents a clear investment in the stock of our company at 100 cents on the dollar, paid in cash, with the slight difference that I have explained. So that our investment now that way is two million dollars plus some surplus that has grown out of the earnings. I can say in toto what dividends have been paid from time to time and taken out of our business. We paid one-half of one per cent. a month for a fraction of a year, and would have continued, I think, had it not been for the exaggerated condition of car shortage. It was at that time that we stopped paying, and have never paid them since. This is the only year we have had any profits of consequence. Last year our profits were practically $20,000 and the year before $12,000. Our profits were fairly good last year. If we could have moved the stuff it would have been satisfactory. Prior to last year and the year before we had always made some profit. $12,000 I think is the least since we have been operating on our full capacity. Prior to that the percentage would not be much because we were operating in a small way. We have constructed as we have operated, commencing with a small mill and increasing up to four. Our property now, whatever its value is, is in the main the product of outside capital that I and our stockholders have put into it, not coming from the profits of the operation itself. Assuming that

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we have actually invested two million dollars, we have now to show for that sum 1200 shares of stock in the treasury, $570,000 in plant, 225,000 acres of timber land and $900,000 worth of logs and accounts. There is of course some indebtedness against this company which represents some of the purchase price of these lands today. Our bonded indebtedness is three-quarters of a million dollars. The floating indebtedness runs ordinarily between two hundred thousand and three hundred and fifty thousand dollars, owing to the time of the year and the movement of the logs. The par value of the stock is $100. As I recall, there is $127,000 at par in the treasury. Of the two million dollars I would say approximately 8 per cent., possibly 7, represents the increase in the timber lands at the times I stated. It is my belief that there was in the neighborhood of $1,800,000 actually went in in cash.

The bonded indebtedness includes the mill plants, that is, it includes the most of the mill plants. The smaller plant is not included but it covers the other three. Most of the interest referred to in the statement of Mr. Dixon was paid on that bonded indebtedness. We were compelled, when the shipments of lumber were largely broken, to take up our floating indebtedness, which was larger than it is now, and our credit was crippled so that it was necessary for us to dispose of the majority of our stock. We were not able to hold it; and that was produced by lack of transportation facilities. The method that was employed in carrying that was the one I now speak of. It was for that purpose that the bonded indebtedness was made. The bonds were issued three years ago the first of next July. The lumber market was not bad in 1904. It was not as good as it is now, but the cost of producing was less and the price was very satisfactory but that year and the year prior was the time that we were seriously affected by the car shortage. There was satisfactory progress in the manufacture of lumber all through the year 1904 in Oregon, but our profits were extremely small. If we could have made the movement of the lumber I think we would have had no occasion to complain of what we were doing, and the rates under which we were shipping, but our trouble has been lack of transportation facilities such as we have been shipping under at the present rate.

There was a great shortage in the fall of the year 1904.

EDWARD D. KINGSLEY testified as follows:

My home is in Portland, Oregon. I have been in the lumber business for six years. A large part of the time operating a mill in a town on the Astoria and Columbia River Railroad, about 62 miles west of Portland. At present, while I am continuing this operation under another management. I am manager of the Bridal Veil Lumbering Company, at Bridal Veil, Oregon, and treasurer of the same concern. That mill is 28 miles east of Portland on the line of the O. R. & N.

Both of these mills make all-rail shipments. The capacity of the mill on the Astoria and Columbia River Railroad is about 25,000 feet a day, and of the mill of the Bridal Veil Lumbering Company about 75,000 feet a day.

Kingsley Exhibit 1, offered and received in Evidence, is a statement showing the amount of lumber produced by us for a series of years, and where this lumber went to, and the percentage of shipments.

KINGSLEY EXHIBIT 1.

LUMBER OUTPUT BRIDAL VEIL LUMBERING COMPANY.

	Feet.
1894	8,406,527
1897	12,800,229
1900	18,238,765
1901	17,639,203
1902	13,996,868
1903	11,391,995
1904	16,885,248
1905	18,724,578
1906	20,556,261
1907 (10 months)	12,456,654

	Per cent. 1894	Per cent. 1897	Per cent. 1900	Per cent. 1901	Per cent. 1902	Per cent. 1903	Per cent. 1904	Per cent. 1905	Per cent. 1906	Per cent. 1907
Proportion shipped to Oregon and Washington	64	61	52	48	52	58	65	62	40	60
Proportion shipped to Idaho and Utah	20	25	19	17½	21	19	18	21	21½	21
Proportion shipped to Colorado	8	5	14	19	13	4½	4½	10½	14	6½
Proportion shipped to Nebraska and Kansas	5	.60	2	.09	2	.78	3½	3½	1½	1½
Proportion shipped east of Missouri River	46	1	3.3	2½	6½	2½	3	6	5½	5½
Proportion shipped east of Missouri River for R. R.	.....	.....	18½	.....	.....	.....	.....	.....	.....	29
Proportion of total output shipped to railroads	26	13	12½	8½	7	12	17½	19	11	.....

The lumber shipped from our mill goes principally all east of our mill. In the case of both mills we confine ourselves very largely to the manufacture of what is known as yard stock, which is the stock ordinarily carried by a retail lumber yard, just such yards as you will find in the City of Washington and every other city probably in the United States, consisting of building material, such as flooring, ceiling, siding, rustic dimensions, and small timbers. We deviate from that occasionally and work some railroad material, at times quite considerable. Of what is known ordinarily as sawing special orders, we do very little as a rule. The output of the mills on the Astoria and Columbia River Road, some of them have water shipment facilities both foreign and coastwise. Others are confined to the rail trade only and some of the very small ones ship their lumber to the factory trade in Portland and others are today almost wholly confined to shipping over the Northern Pacific east. Formerly we shipped the bulk of our lumber to Pacific, that is Harriman line points, but in the last two years the Harriman people have almost entirely wiped out our supply of cars, so that what favors we have received in the way of equipment have come from the Northern Pacific largely. It is generally understood that the Northern Pacific has acquired the Astoria and Columbia River Road, also the Portland and Seattle, which is supposed to be a part of the Northern Pacific, or connected with it.

The number of men employed at the Bridal Veil Lumbering Company has varied somewhat. It has run in certain periods of the last six months, from 175 to 200 men. The dropping off in the sales of lumber commenced very materially in the month of August, 1907. Both our mills are closed and both logging camps are closed. As far as I know the condition of our mill is a little better possibly than some of them, inasmuch as on account of our inability to get cars and the inevitable shut-down which faces me, I conceived the idea of putting in a retail lumber yard in a prosperous suburb just outside of the City of Portland and in that way I have been able to run part of the year, where other mills have had to remain closed.

My version of what caused the loss of trade is as follows: I heard of this proposed advance in rates, the rumor, I think, in the late spring or early summer, but I did not consider it could be possible, and I gave it very little thought. I assumed charge of the Bridal Veil Lumbering Company on June 1st. Subsequent to June 1st, or rather subsequent to the time of

the final announcement, or of the first official announcement of the advancement of rates, I attended several meetings of our association, in which this matter was discussed at some length, as it appealed to all of us in about the same manner. During the spring and summer we had an abundance of orders, more orders in fact than we really cared for, and while we had a regular traffic man who had been with the company for about 15 years and commanded a very strong trade among the yards in the territory in which he worked, we had been keeping him in to assist us in the construction of quite an elaborate planing mill plant which we are just now completing.

Following the announcement of the advance in rates our inquiries dropped off to a noticeable degree, and our mail orders, which had been coming in quite freely, and orders through brokers dropped off substantially. Along about the last of August our order book got so lean that I had gotten a little worried about it and I took Mr. Thompson and sent him out on his old territory, to get business for us. He made a trip substantially of five or six weeks, covering the territory which he had been calling on for fifteen years, and the territory which I believe today is the most prosperous it has ever been before, on account of the unprecedented crops, and also the excellent prices that the farmers are getting for their crops. His sales were not satisfactory to us. That territory comprises the eastern half of Oregon, eastern Washington, Idaho and part of Utah, and a little of Montana. Our company, I might add at this point, has been in business about twenty years, and being one of the first on the ground they naturally developed a very large trade nearby, which they have always retained to a large degree. Mr. Thompson returned and upon his return I asked him why his trade had been so unsatisfactory. I signified the fact that I was not pleased with his trade, inasmuch as I understood that he had been with the company so many years and had a large trade, and we needed the orders. He said, "Mr. Kingsley, I am really ashamed of my business. I took an order for one car on this trip where I ordinarily take from three to five." I asked him the cause of this condition and he said that there was a feeling of unrest among the trade, as a result of the announcement of the change in rates. The trade generally felt that when the mills of the coast were cut off from shipping their lumber east their territory would be the dumping ground for the surplus stocks from the coast, consequently they proposed to reduce their stocks.

Our order book grew a little leaner all the time, and a shutdown was to be inevitable in a short time unless we could find some business somewhere. So in the latter part of October, I think it was about the 20th of October, I took a little run out into Idaho, where I am reasonably well acquainted with a number of quite heavy buyers, and I felt that I could do some business if there was any business to be done, at least. I called on buyers in Boise and a number of surrounding points. There are a good many lively points there on account of the development of irrigation. There has been a great deal of lumber used in the last few years. I found substantially the same condition Mr. Thompson reported to me. The same reports came from dealers, and the question was put to me frequently by the trade, it was put to me in several instances along similar lines, "Tell me the truth of the matter as you see it; is lumber going to be substantially the same in value as it is today or is there going to be a decline, as is generally believed?" That question was put to me by two or three dealers.

On this trip I took two or three orders in that territory, three cars altogether, at a substantial decline in price. The first I heard of the financial panic was when I was in Boise two days before I started back from my trip, and this condition arose weeks and months before it was heard of in our country.

The former management of the Bridal Veil Lumbering Company about a year ago at this time conceived the idea of expending considerable money for the erection of a suitable planing mill plant for the manufacture of their products. They arranged for the construction of the same and let the contracts, and began the construction. I had no part in that until I assumed the management on the 1st of June. The work had gone on very slowly, however, and very few bills had been paid. The consequence was that that portion of the business was left to me, and unfortunately so, because I found that the demand for money in payment, in some instances exceeded by far their estimates. I had to take care of it, some of it at very critical times. The cost of this plant in round numbers will approximate $100,000. It is just now about being completed. As far as I know the Bridal Veil Lumbering Company and the O. R. & N. Company have had substantially the same rates to these eastern points ever since they have been in, the same as the Portland mills.

Knowing as I do the conditions which will result and also the margin of profit that the business of these mills had been

handled on in the past, from some little inquiry I have made of their business in the past, I should have considered it would have been a very poor business proposition to have invested money in the construction of this new plant there, had I known there was going to be an advance in freight rates on lumber. I do not think the management would have done so. I certainly should not have done so.

I am familiar to a considerable degree with the situation of the mills at Portland. I know the North Pacific Lumber Company, that is a water and rail mill; Clark & Wilson Lumber Company at Linton is water and rail. The Portland Lumber Company at Portland is water and rail. The Eastern & Western Lumber Company at Portland, Tongue River Lumber Company at Astoria, are water and rail. The Peninsular Lumber Company at Portland is exclusively rail. That company began operations in 1903 or 1904. I believe they are exclusively a rail mill. Their investment is very heavy. I have attended a great many meetings of lumber men in discussing this question of the advance in rates, and its effect on the industry in Oregon. At the meeting I attended subsequent to the announced advance in rates, I think all present were agreed as to the fact that there was a noticeable difference in their inquiries and in the business being received, and a weakening in the market. As far as we are concerned we have received very few orders from the east, and at these meetings all expressed themselves along about the same way, that inquiries and orders decreased very materially.

A good many of the men employed at our place are single men, but at the saw mill located in the mountains, four miles back from the main line of the O. R. & N. I think about sixteen or eighteen families reside, who are dependent wholly upon the industry. At the planing mill which is located on the O. R. & N. tracks, approximately 30 families reside, possibly 35, dependent upon the industry. I have had to relieve them almost entirely of their positions, let them out so to speak. Their rents are very nominal, and I voluntarily cut their rent in half to make it as easy on them as possible, so it averages about $2.50 or $3.00 a month to a family now.

I always supposed, including everything for car building purposes, railroad material or both, that fully 25 per cent. of our output went into this affected territory, Colorado and east. Our nearby trade is very large, however, on account of our being an old established business. The reason why only 25 per cent. of our output moves into the affected territory, it has such an effect upon the lumber business in the

State of Oregon and of the entire northwest, is that you cannot cram the trade in the affected territory into the limited territory in the west. The class of lumber that moves largely into the affected territory, consists of what we call the upper grades. A very large per cent. of manufactured lumber is a common grade of lumber, and we have to have a market for the other.

Assuming that these rates stay in effect and assuming that the result of these rates will prevent shipments east to the affected territory, the effect in my judgment will be that it will be a case of the survival of the fittest; that a few of the stronger and larger mills will continue to operate, and the weaker mills will have to liquidate, which they cannot do, and probably go out of business. The final result of that process wil be to simply throw the lumber industry into a few hands in my judgment. I believe it will wipe out quite a number of the mills that are not strong enough to go through the season. It will wipe out sufficient at least, to absorb this amount of lumber that has been going east. It will also have another effect. For the last two or three years the conditions have been improving in the lumber industry to such an extent that it is possible to clean up our land to a greater degree than ever before, in other words, to manufacture defective lumber, which we could not do before. I have known of some cases where perhaps 30 or 35 per cent. of the total timber standing on an acre has been left standing on account of its defects, and the unprofitableness of it in attempting to manufacture. The percentage, however, has been materially reduced in the last two or three years, on account of some improvement in the conditions, which enabled us to make a little lower class of stock. Also the loggers, who log for the markets and sell their logs to the mills in some instances, in the past have confined themselves to logging the clear trees, leaving the defective trees in the timber.

In case they all put the more defective logs in, the mill men would throw them out. In the last two or three years the mill men have been willing to take them, and conditions have been improving to some extent. But this change is bound to result in so far as the logging and manufacturing in Oregon is concerned, in that business taking a step backward. It will certainly be to the detriment of Oregon and Washington.

Beginning in 1901 conditions have improved so that at this present time we could manufacture lower grades of lumber and could dispose of a lower grade of product. As long

as general business conditions were better and our eastern market was good, in which we were able to put considerable common stock of a certain character and price had advanced to some extent, we were able to market a lower grade of stock and more common stock at nearby points. For instance, irrigation has developed considerable business in Idaho and Utah, eastern Washington and eastern Oregon, and then we have been gradually working into the affected territory with common stock. For instance, Colorado has taken a great deal of common stock, and Nebraska has taken some common stock in certain character of timber, and Kansas I think has taken some common stock. We have had since the last two or three years perhaps to a greater extent a growing nearby market, and since the development of irrigation also a growing far-away market. It has been an improving growing market. With the increase of local business there has also been an increase in the mills, a very large increase in the output of lumber. I should presume it costs us forty dollars a day, possibly a little more, possibly a little less, to take care of our closed mills.

When what was then the Oregon Lumber Manufacturers Association was organized in 1905 I believe, I was made chairman of what was known as the Market Extension Committee, a committee which was brought into existence for the sole purpose of extending the markets for coast lumber products into the eastern states, what is now the affected territory. We always felt that that committee was encouraged by the railroads to advance their sales in that territory. I knew nothing to the contrary. I had an expression from Mr. Miller one day that they did. In connection with the extension of that market the committee and individuals expended considerable sums of money for the preparation and distribution of quite elaborate samples of fir finish, which were distributed quite largely throughout the central and eastern states, among the lumber yards and among architects. We expended about five thousand dollars I think to show the merits and beauties of the fir finish.

Kingsley Exhibit No. 2 (Record page 306) offered and received in evidence, is a statement made from the books of the Bridal Veil Lumbering Company, by two parties that I employed from Portland for this special purpose. This shows the average selling price at the mill, of various kinds of lumber of the Bridal Veil Lumbering Company in the years from 1898 to 1906, both inclusive. Those prices are F. O. B. the mill.

KINGSLEY EXHIBIT 2.

AVERAGE SELLING PRICE FOR THE YEARS 1898 TO 1906, BOTH INCLUSIVE, BRIDAL VEIL LUMBERING COMPANY, ALL RAIL MILL.

	Ties.	Stringers.	2-in. Com. and Timbers.	1-in. Com.	No. 2 Com.	Select.	Clear.
1898, Aver...	$ 5.89	$ 7.42	$ 7.06	$ 7.37	$ 4.14	$ 8.74	$15.28
1899, Aver...	6.68	8.47	7.59	8.39	3.90	10.17	15.96
1900, Aver...	6.52	8.75	7.75	8.33	4.83	11.25	17.14
1901, Aver...	6.57	8.50	7.88	9.13	4.40	11.50	16.59
1902, Aver...	6.43	8.83	7.69	10.27	5.09	11.47	17.78
1903, Aver...	8.07	9.77	8.93	9.81	5.07	12.48	21.11
1904, Aver...	6.53	7.98	7.14	8.46	4.14	12.41	17.75
1905, Aver...	6.91	8.83	8.40	9.37	4.29	13.83	18.23
1906, Aver...	10.11	14.43	12.21	15.01	7.63	16.07	21.67
Averages....	$ 7.098	$ 9.217	$ 8.29	$ 8.613	$ 4.832	$11.991	$17.945

There is no market for lumber today in Oregon and it is very hard to say what the price of lumber is at our mill today. We have two traveling men out trying to get some business, to move some stock which is a burden to us, and I have given them authority to go as low as nine dollars for common lumber at the mill.

Cross-Examination.

Since June 1, our shipments to Colorado and east have been small. They would have been larger if we could have secured eastern cars as we needed them. We have a very fair supply of cars, yes.

The mill on the Astoria & Columbia River has no connection whatever with the Bridal Veil Lumbering Company.

I know in a general way about the fire that took place through the eastern end of Multnomah Company, and did so much damage, that the railroad company had to contribute to the general support of a great many people there. I know it was a serious fire. I do not think that that fire occurred very largely as the result of this thirty-five per cent. of timber left standing in the woods. I think if that timber had been cut, the boughs would have been there just the same. The fire caused great damage, and that timber which was temporarily rejected was destroyed and rendered of no value.

Bridal Veil is twenty-eight miles from Portland. I have seen no evidence of this fire nearer Portland than that. I saw no evidence of fire twelve or fourteen miles from Portland.

The average price for railroad ties for nine years has been ten dollars per thousand feet. The average for 1906 was ten dollars and eleven cents. We sold some ties to the O. R. & N. Railroad Company in the month of November, 1906, for twelve dollars. The average selling price in 1905 was six dollars and ninety-one cents. I certainly do think that we sold the ties at Bridal Veil for $6.91 per thousand feet in 1905 because I had the two parties that made this statement certify to its accuracy. I think the Bridal Veil big fire was in 1902. There were very serious fires along the Chutes River I think and many millions of feet of timber were destroyed. There was one day in particular when it was very dark on account of the forest fires. It had been a remarkably dry season.

Plaintiffs introduce in evidence the following: Reports of the Tongue Point Lumber Company, of Astoria, Oregon; the Eastern & Western Lumber Company, Portland, Oregon; Clark & Wilson Lumber Company, Linnton, Oregon, just below the City of Portland, and reports of the Peninsular Lumber Company and Portland Lumber Company of Portland, Oregon. These exhibits were filed in response to the following questions:

A. What is your total output for each of the years 1894 to November 1, 1907, inclusive?

B. What part of this output went by water, that is, ocean?

C. What part went to the States of Oregon and Washington?

D. What part went to Idaho and Utah?

E. What part went to Colorado?

F. What part went to Kansas and Nebraska?

G. What part went east of the Missouri River?

H. What proportion of east of the Missouri River stuff was railroad material?

I. What proportion of your entire shipments by rail was railroad material?

TONGUE POINT LUMBER CO., ASTORIA, ORE.

December 4, 1907.

(RAIL AND WATER.)

	1904.	1905.	1906.	1907.
A. Total output	34,108,480	33,420,272	49,090,594	34,987,701
B. Proportion total output shipped by water and Washington	.42 .075	.31 .15	.45 .06	.71 .06
C. Proportion total output shipped Idaho and Utah	.11	.15	.04	.01
D. Proportion total output shipped Colorado	.01	.02	.02	.01
F. Proportion total output shipped Kansas and Nebraska	.015	.04	.05	.03
G. Proportion total output shipped east Missouri River	.115	.125	.115	.07
H. Proportion total output purchased by railroads east of Missouri River	.002	.001	.003	.....
I. Proportion total output purchased by railroads	.026	.008	.009	.....

EASTERN & WESTERN LUMBER COMPANY, PORTLAND, ORE.

(RAIL AND WATER.)

	From Aug. 5 to Dec. 31, 1902. Feet.	1903. Feet.	1904. Feet.
A. Total output	46,792,063	80,938,680	75,564,465
B. Ocean shipments	7,591,500	27,827,158	19,227,076
C. Rail shipments, Oregon and Washington	2,980,369	4,253,072	6,197,731
D. Rail shipments Idaho and Utah	9,495,281	15,632,608	13,501,825
E. Rail shipments, Colorado	3,026,040	4,814,960	2,464,489
F. Rail shipments, Kansas and Nebraska	2,434,593	1,725,189	1,365,873
G. Rail shipments east of Missouri River	2,831,209	4,497,560	662,697
H. Railroad Material east of Missouri River	82,620	295,123	.....
I. Total railroad material	18,534,088	16,578,228	6,540,134

	1905. Feet.	1906. Feet.	To Nov. 1. 1907. Feet.
A. Total output	85,461,082	100,492,607	74,309,760
B. Ocean shipments	20,611,552	34,438,663	31,890,247
C. Rail shipments, Oregon and Washington	4,931,812	5,407,254	3,760,167
D. Rail shipments, Idaho and Utah	13,891,207	9,286,675	8,360,227
E. Rail shipments, Colorado	3,179,966	3,189,173	2,260,118
F. Rail shipments, Kansas and Nebraska	6,487,240	3,351,867	980,211
G. Rail shipments east of Missouri River	1,535,452	3,600,253	3,150,125
H. Railroad material east of Missouri River	82,620	293,123	.....
I. Total railroad material	18,534,088	16,578,223	6,540,134

CLARK & WILSON LUMBER CO., LINNTON, ORE.
(RAIL AND WATER.)

As required by the notice to produce in cause of Oregon and Washington Lumber Manufacturers' Association et al., complainants, vs. Union Pacific Railroad Company et al., defendants.

TOTAL OUTPUT.

A. 1905 (June to December, inclusive) ..... 10,830,485 feet
1906 ..... 33,793,573 feet
1907 (to November 1) ..... 37,588,438 feet

DISTRIBUTION OF OUTPUT.

	*1905. Feet.	1906. Feet.	†1907. Feet.
B. Proportion shipped from Linnton ocean	3,388,462	18,325,008	28,027,759
Per cent	31.2	.54	71.9
C. Proportion shipped to Oregon and Washington	40,106	1,629,588	1,636,084
Per cent	.37	4.8	4.3
D. Proportion shipped to Idaho and Utah	1,419,217	2,387,083	158,635
Per cent	13.1	7	.4
E. Proportion shipped to Colorado	512,470	1,011,261	636,473
Per cent	4.7	3.3	1.7
F. Proportion shipped to Nebraska and Kansas	69,850	736,064	949,130
Per cent	.64	2	2.5
G. Proportion shipped east of Missouri River	286,702	3,150,626	1,250,301
Per cent	2.6	9	3.3
H. Proportion shipped east of Missouri River for railroad	.....	1,655,333	480,437
Per cent	.....	52	38
I. Proportion of total output shipped to railroads	1,774,742	677,152	.....
Per cent	16.8	11	.....

*June to December, inclusive.

†To November 1.

Mill located at Linnton, Ore., and commenced operations June, 1905; therefore no prior records.

PORTLAND LUMBER CO., PORTLAND, OREGON.

DECEMBER 1, 1907.

(Rail and Water.)

DISTRIBUTION OF SHIPMENTS.

As required by the notice to produce in the matter of Oregon and Washington Lumber Manufacturers' Association et al., complainants, vs. Union Pacific Railroad Company et al., defendants.

YEAR 1900.

Total lumber shipped 5,788,401

	Feet	Per Ct.
Shipped by ocean	473,823	.082
Shipped to points in Oregon and Washington	57,524	.01
Shipped to points in Idaho and Utah	142,563	.025
Shipped to points in Colorado	267,172	.046
Shipped to points in Nebraska and Kansas	nil	
Shipped to points east of Missouri River	nil	
Material purchased for use of railroad companies shipped east of Missouri River	nil	
Total amount of material purchased for use of railroad companies	67,167	.011

YEAR 1901.

Total lumber shipped 16,282,993

	Feet	Per Ct.
Shipped by ocean	5,030,770	.308
Shipped to points in Oregon and Washington	779,211	.011
Shipped to points in Idaho and Utah	430,711	.026
Shipped to points in Colorado	329,771	.02
Shipped to points in Nebraska and Kansas	nil	
Shipped to points east of Missouri River	102,779	.0063
Material purchased for use of railroad companies shipped to points east of Missouri River	56,750	.0035
Total amount of material purchased for use of railroad companies	131,825	.0081

YEAR 1902.

Total lumber shipped 38,020,749

	Feet	Per Ct.
Shipped by ocean	10,795,770	.28
Shipped to points in Oregon and Washington	78,312	.002
Shipped to points in Idaho and Utah	1,489,784	.0396
Shipped to points in Colorado	1,694,436	.0446
Shipped to points in Nebraska and Kansas	435,449	.0115
Shipped to points east of Missouri River	1,119,228	.0293
Material purchased for use of railroad companies shipped to points east of Missouri River	116,854	.003
Total amount of material purchased for use of railroad companies	981,133	.0257

YEAR 1903.

Total lumber shipped	30,205,059	
	Feet	Per Ct.
Shipped by ocean	20,768,728	.69
Shipped to points in Oregon and Washington	427,755	.014
Shipped to points in Utah and Idaho	3,290,204	.109
Shipped to points in Colorado	131,263	.0044
Shipped to points in Nebraska and Kansas	144,255	.0048
Shipped to points east of Missouri River	247,191	.0082
Material purchased for use of railroad companies shipped east of Missouri River	nil	
Total amount of material purchased for use of railroad companies	201,294	.0066

YEAR 1904.

Total lumber shipped	68,891,524	
	Feet.	Per Ct.
Shipped by ocean	37,344,065	.55
Shipped to points in Oregon and Washington	1,594,557	.023
Shipped to points in Idaho and Utah	4,079,960	.059
Shipped to points in Colorado	41,894	.0006
Shipped to points in Nebraska and Kansas	nil	
Shipped to points east of Missouri River	339,533	.0049
Material purchased for use of railroad companies shipped east of Missouri River	38,132	.0005
Total amount of material purchased for use of railroad companies	45,447	.0006

YEAR 1905.

Total lumber shipped	95,054,643	
	Feet.	Per Ct.
Shipped by ocean	62,201,513	.65
Shipped to points in Oregon and Washington	1,011,538	.0106
Shipped to points in Idaho and Utah	4,735,265	.0497
Shipped to points in Colorado	461,900	.048
Shipped to points in Nebraska and Kansas	93,657	.01
Shipped to points east of Missouri River	3,144,622	.0330
Material purchased for use of railroad companies shipped east of Missouri River	1,278,143	.0134
Total amount of material purchased for use of railroad companies	1,516,396	.0159

YEAR 1906.

Total lumber shipped	104,084,893	
	Feet.	Per Ct.
Shipped by ocean	60,376,917	.58
Shipped to points in Oregon and Washington	570,584	.0065
Shipped to points in Idaho and Utah	2,046,528	.025
Shipped to points in Colorado	2,444,028	.027
Shipped to points in Nebraska and Kansas	1,744,670	.019
Shipped to points east of Missouri River	11,729,837	.1178
Material purchased for use of railroad companies shipped east of Missouri River	6,638,747	.0638
Total amount of material purchased for use of railroad companies	6,672,680	.0641

YEAR 1907.

(To November 30.)

Total lumber shipped	59,529,208	
	Feet.	Per Ct.
Shipped by ocean	32,793,958	.56
Shipped to points in Oregon and Washington	466,120	.007
Shipped to points in Idaho and Utah	3,155,345	.05
Shipped to points in Colorado	2,004,822	.0365
Shipped to points in Nebraska and Kansas	681,432	.012
Shipped to points east of Missouri River	4,360,825	.0746
Material purchased for use of railroad companies shipped east of Missouri River	2,354,770	.038
Total amount of material purchased for use of railroad companies	2,752,147	.0442

Mill was not in operation in 1894 and 1897.

STATEMENT OF THE

CURTISS LUMBER CO., MILL CITY, OREGON,

AS REQUIRED BY NOTICE TO PRODUCE IN THE MATTER OF OREGON AND WASHINGTON LUMBER MANUFACTURERS' ASSOCIATION ET AL., COMPLAINANTS, VS. UNION PACIFIC RAILROAD COMPANY ET AL., DEFENDANTS.

(Very Largely Rail.)

Year	(a)	(b and h)	(c)	(d)
1905	19,895,338	None	4,298,600	7,662,604
1906	20,346,360	None	2,321,000	9,836,500
1907	19,103,954	None	1,815,000	12,319,000

Year	(e)	(f)	(g)	(i)
1905	978,420	201,100	269,000	680,000
1906	1,151,000	260,000	1,315,000	876,000
1907	574,000	17,000	179,000	149,000

1907—Shipped via Yaquina and water to California, 1,400,000.

Letter (a) covers lines 24 to 31 inst. shown in margin.
Letter (b) covers lines 2 and 3 on second page of Notice.
Letter (c) covers lines 4 and 5 on second page of Notice.
Letter (d) covers lines 6 and 7 on second page of Notice.
Letter (e) covers lines 8 and 9 on second page of Notice.
Letter (f) covers lines 10 and 11 on second page of Notice.
Letter (g) covers lines 12 and 13 on second page of Notice.
Letter (h) covers lines 14 to 16 on second page of Notice.
Letter (i) covers lines 17 to 19 on second page of Notice.

PENINSULA LUMBER CO., PORTLAND, OREGON.

GENERAL EXHIBIT A.

This company started business at Portland, Oregon, in the spring of 1903, purchasing the sawmill from George W. Cone.

This company has no knowledge of the business transacted by George W. Cone.

From 1903 to date this company makes the following report relative to its business:

	1903	1904.	1905.	1906.	1907, 10 mo.
(a)	13,000,000	15,000,000	36,400,000	64,400,000	51,900,000
	%	%	%	%	%
(b)	....	....	....	2	2
(c)	7	10	17	7.5	2.8
(d)	19.2	21	32	22.4	20
(e)	2	3.4	2.1	7.3	11
(f)	1.1	.1	.7	5.1	5.8
(g)	2.1	2.5	8.3	10.1	8.6
(h)	....	.2	.7	3.4	1
(i)	15.7	8.4	8.3	10.4	5.4

STATEMENT FOR YEAR 1903, MARCH TO DECEMBER, INCLUSIVE

Cars shipped	285
Capacity, pounds	14,540,000
Average capacity	51,020
Weight of loads	12,828,700
Average weight of loads	45,013
Freight paid	$49,698.28
Average freight paid per car	$174.38
Worth of product at mill	$42,963.09
Average worth of product per car	$150.75
Number of cars east of Salt Lake City, Utah	83
Capacity	4,160,000
Average capacity	50,125
Weight of loads	3,629,500
Average weight	43,729
Freight paid	$15,537.80
Average per car	$187. 20
Worth of product at mill	$12,136.20
Average per car	$146.22
Freight based on new tariff	$18,636.55
Average per car	$224,54
Excess per car	$37.34

STATEMENT FOR YEAR 1904.

Cars shipped	299
Capacity, pounds	15,350,000
Average capacity	51,337
Weight of loads	12,565,800
Average weight of loads	42,026
Freight paid	$44,691.86
Average freight per car	$149.47
Worth of product at mill	$39,695.23
Average worth of product per car	$132.76
Number of cars east of Salt Lake City, Utah	76
Capacity	4,030,000
Average capacity	53,026
Weight of loads	3,316,700
Average weight	43,641
Freight paid	$14,003.13
Average per car	$184.26
Worth of product at mill	$9,225.64
Average per car	$121.39
Freight based on new tariff	$16,682.13
Average per car	$2,678.40
Average excess freight per car	$35.24

STATEMENT FOR YEAR 1905.

Cars shipped	1,218
Capacity, pounds	66,780,000

Average capacity	54,827
Weight of loads	56,831,380
Average weight of loads	46,659
Freight paid	$198,466.27
Average freight per car	$162.94
Worth of product at mill	$239,963.62
Average worth of product per car	$197.01
Number of cars east of Salt Lake City, Utah	271
Capacity	17,260,000
Average capacity	63,465
Weight of loads	15,000,170
Average weight	55,351
Freight paid	$65,960.68
Average per car	$243.40
Worth of product at mill	$51,630.74
Average per car	$190.52
Freight based on new tariff	$79,000.69
Average per car	$291.52
Average excess per car	$48.12

STATEMENT FOR YEAR 1906.

Cars shipped	2,051
Capacity, pounds	116,870,000
Average capacity	56,982
Weight of loads	99,713,275
Average weight of loads	48,617
Freight paid	$396,761.50
Average freight per car	$193.44
Worth of product at mill	$602,405.26
Average worth of product per car	$293.71
Number of cars east of Salt Lake City, Utah	778
Capacity	46,680,000
Average capacity	60,000
Weight of loads	40,020,980
Average weight	51,441
Freight paid	$188,019.67
Average per car	$241.67
Worth of product at mill	$224,434.62
Average per car	$288.47
Freight based on new tariff	$221,859.59
Average per car	$285.17
Excess per car over old rate	$43.50

STATEMENT FOR YEAR 1907, JANUARY 1 TO NOVEMBER 1.

Cars shipped	1,512
Capacity	101,779,000
Average capacity	67,314
Weight of loads	86,420,680
Average weight of loads	57,156

Freight paid	$362,142.89
Average freight per car	$239.51
Worth of product at mill	$627,027.13
Average worth of product per car	$414.70
Number of cars east of Salt Lake City, Utah	803
Capacity	55,405,000
Average capacity	68,998
Weight of loads	46,624,750
Average weight	58,063
Freight paid	$206,394.84
Average per car	$257.03
Worth of product at mill	$317,632.82
Average per car	$395.55
Freight based on new tariff	$245,173.91
Average	$305.32
Excess per car	$48.29

B. C. MILES, produced as a witness on behalf of the complainant, testified as follows:

My residence is Newberg, Oregon, twenty-six miles south of Portland. I am secretary of the Charles K. Spalding Company, which was organized in 1897. I am also manager of the Dalles Lumber Company. The Spalding Company has a mill at Salem, and one at Newberg, and the Dallas Company has a mill at Dallas. The combined capacity of these two mills is about 225,000 feet per day of ten hours. We did not have the Dallas mill in the year 1906. The output of the other mills was about thirty million feet for that year. At present the Newberg mill is closed, the Dallas mill is closed, and the Salem mill is running on some local work, some state contracts. Two of the mills are closed and one is running on some local work, which we have, running eight hours a day. With the exception of our mill at Salem, our mills are situated on the west side of the Willamette Valley. We are located on the Yamhill Division of the Southern Pacific Railroad Company, running from Portland south, on the west side of the Willamette Valley, Dallas being sixty-four miles from Portland. The other mill is located on the main line of the Southern Pacific about 50 miles south of Portland.

Our method of shipping is all rail over the Southern Pacific Railroad to the other railroads. We were employing prior to the closing down about five hundred men. We closed the mills because we were not able to get orders to sell the

products of the mills. We also had accumulated during this season, and we have on hand today about nine million feet of lumber which we have not been able to dispose of, part of which we had orders for but the orders were canceled, because there were no cars to ship it in. We had the orders but could not make the shipments.

As soon as we heard of the advance in freight rates, we immediately began to receive letters from those we were shipping lumber to, asking whether we would guarantee the rates then in effect, and if not, stating that the orders would have to be canceled. After the middle of September we received very few orders; so that on the first day of November, when the rate went into effect, we did not have that we could ship, to exceed five carloads, of orders altogether. The result of it was we had to close down. We had no business, although our yards were already well filled with lumber.

There are located on that branch I think about 38 mills, and I think that out of the 38 mills, twenty-five of them are closed today on account of this condition. It was along about the fore part of September that our customers began to ask if we could guarantee the freight rates. As soon as we first heard of the advance in rates we expected it would take place about the first of October, but the time was extended to the first of November. There was no considerable cancellation of orders which had been previously made until the last two weeks in October. This condition arose and this result was reached before the financial panic. I knew nothing of the financial panic until the 31st of October, if I remember rightly. The first knowledge I had of the proposed advance was in the latter part of May in Denver, Colorado. I was consulting there, trying to get some new business from a new customer, and he told me at that time he had just received a letter, I do not know from whom, stating that there would probably be an advance in rates in the near future, and he did not feel like buying very heavily at that time.

I should judge approximately thirty per cent. of our shipments are into this affected territory. If the territory were cut off entirely so that under the new rates shipments could not be made, the effect would be that we could not run our mills. The thirty per cent. taken away from our markets would force us to come in competition so severely in the territory left and the prices would so drop that we could not sell our stock at a profit. I have talked with several mer-

chants in regard to the matter, and their business was very seriously crippled. Men have been thrown out of employment and the price of labor has gone down, and in fact there has been a very demoralizing condition resulting in all kinds of business throughout our section of the country. That happened before the financial panic.

I have been manufacturing for eight years, I have been in the logging business for ten years. I am very well acquainted with the conditions of the lumber market out west and the eastern lumber market as well.

Under these advanced rates we cannot get into the market and into competition with the other sources of supply of lumber for the reason that we cannot add this price to our price and still get any orders. Our company has made some large investments recently in connection with the development of our lumber business. Originally when we started in business we had a tract of land on a small stream, the Clackamus river, about 50 miles from the Willamette river, and we got our supply of logs from that place. In order to do this we had to do our logging one year and saw the logs up the next year, which required a very large investment in logs. We also had this difficulty, that in manufacturing, if we should get an order for a large quantity of timber of a certain length, we would not have that specified length because our logs were all logged in advance, and we would not know beforehand what the market would demand. For that reason eighteen months ago we negotiated for the purchase of timber land on a small railroad running from Dallas to the Coast Mountains, in order to make it possible for us to overcome the difficulties I have referred to, and to make prompt delivery on special lengths of timber. At that time we made quite a large investment in this timber land referred to, and we made arrangements with the Southern Pacific Railroad Company by which we could ship our logs to the Newburg Mill. We were interested in that little railroad from Dallas to the mountains, and we made a trackage arrangement with the Southern Pacific Company for hauling our cars over their line to Newburg. In order to make that arrangement we had to buy an interest in that little railroad, and we sublet the contract to the railroad for doing the work. In that way we are interested in it. We did not have the capital to do this, and we had to go in debt quite largely. The purchase price was $175,000, and the purchase was made in July, 1906. We would

not have made this investment had we supposed at the time there would have been any advance in rates to eastern points.

We sold some lumber to the railroad company during the year 1906. We had an order for railroad material last year where it was specially specified that the cars should be furnished promptly, and we did receive cars for that material, when other material we had orders for is in our yards today.

Cross-Examination.

It was in the fall of 1906 and the early part of 1907. The order was from the Pressed Steel Company for Harriman Railroad material, we were told; I do not know what kind of cars they were. There was about half a million feet in that particular order. We got $20 a 1,000 for it at the mill. It costs us to produce lumber between $13 and $14. We pay $2.25 freight on our logs to get them into our mill over this railroad. We did not build the raliroad. We bought an interest in it after it was built. It is not a road which the Southern Pacific has any interest in. Our company is outside of that institution, that we are partially interested in. We pay $1.00 of it to ourselves and the rest of it goes to the other company, the Southern Pacific Company on their trackage. Their trackage is 40 miles long. Our mileage is 13 miles. We pay $1.25 to ourselves for 13 miles, and $1.00 to the Southern Pacific Company for 40 miles. We furnish our own equipment, and do the hauling. They do not furnish steam to haul the cars. Fourteen dollars is approximately our average cost on all lumber. We are completing a contract now for ties at $7.50. It is quite an old contract, taken in 1905. Ties generally were selling by the mills that did not have long time contracts for from $10.00 to $11.00 last year. I have been operating in Newburg for about eight years. I have not figured where our output went to. I think there was 30 per cent. shipped into the territory affected by this raise in rates. I do not know positively. I am simply estimating. That includes all territory east of Colorado that is affected by this rate, Colorado, and east. We bought our timber land in 1906. Our stumpage costs 80 cents a thousand on an estimate of this cruise. That was in July, 1906. Prices have been higher since then I think. Sales have been made since then at higher prices. We thought it was a bargain or we would not have bought it. It was sold to us by a gentleman who thought he was making a good sale. He had been manufacturing at Vancouver, and over on the

Oregon Water Power, and he had been manufacturing lumber in various sections for ten or twelve years, and he sold this to us after the San Francisco fire for 80 cents a thousand. This timber was about twenty miles from Portland. It is fairly well situated with reference to a railroad. I think there are thirty-one hundred and some acres in that particular tract. It runs in the neighborhood of about 45,000 feet to the acre. We do not aim to sell according to the list price that is published from time to time. We keep as near to it as we can, though. Of course, one of the purposes for which it is published is for giving general information as to what we think the prices ought to be, and also to distinguish between the different grades, differentiations that should be made between the diffeernt grades. We have a committee that does that work. It may be the case that whenever market conditions are supposed to change this committee publishes a new price list. That is perhaps so. We have always made a discount from that list. It is not a high list where you cut 90, 30 and 10 for instance. It comes nearly to the actual prices. We aim to get as near as we can to that list, but we have never been able to get the prices according to that list. One particular time we got more, I think.

There is a good deal of waste to our timber. In the Willamette Valley lumber there is generally a good deal of waste. I do not think it is as good timber as the Columbia river or Puget Sound timber. Our mills are working on timber where there is considerable waste stuff. I should judge our waste is not as large a percentage as the Booth-Kelly Company, judging from the testimony I have heard here, I should say possibly there was from 20 to 25 per cent. Most of the timber we are logging in is very sound and for that reason there is not the percentage of waste in that that there is in some other sections, for that reason. We do not have as much colored lumber. There is not as much colored stuff in that as in other sections. At the same time it is of smaller timber, and we do not have the same percentage of clear that the Columbia river might have, or that the larger timber might have. There is good timber in our territory. I know that within ten miles of our location there is choice timber, and also the poorer grades and I should say probably twenty miles. We are logging at the foot of the ranges of those mountains. We have not had the capital to go back very far yet. I logged last year in the Cascade Mountains. I crossed over from near Mill City last year to our Salem mill, about sixty or seventy

miles, and we also took logs from the Booth-Kelly district on the Mackenzie river, I suppose 140 miles. We have been transporting logs to our Salem mill for a distance of from 60 to 120 miles. Salem is situated in a farming section of the Willamette Valley. There are some mills near there, but they are not large mills. There is red fir, but no big timber near there. I was going to say, the rougher grades of timber are on the lower slopes of these mountains, and we have not got back to the better grades of timber yet. They are to be found in the higher altitudes. Within four of five miles of where we are getting timber now there might be practically as good timber as is to be found on the Columbia river. We have not got to that timber yet.

The average cut of the Salem mill would be more than 75,000 feet a day. The average would be 1,750,000 feet a month. The Salem mill has been there some twenty-five years. We have had it three years, since 1905. We were running it in 1905 and 1906 and continued to run it until this slump came. We transported our logs down the river, drove the river. It cost us $2.00 a thousand feet, and this stuff could be brought down from the other direction, sixty miles from the other direction, costing nearly as much, from $1.50 to $2.00 and we cut that at Salem. We have made fairly good money in the lumber business and made fairly good money at Newburg. At Newburg the bulk of our logs came about 110 miles, to the mill, until last year. We drove them down the river, and then towed them by steamboat. The drivink the Luckiamute cost about 50 cents a thousand, and the towing from there to the mill about $1.00 a thousand, so that would be about $1.50. Newberg is situated in Yamhill County, where there is fairly good farming locally. They raise good crops. Our present mill has been located at Newberg since 1905. We had a small mill there beginning in 1900. Transporting our logs this way and paying these prices for driving, we have been making fair money on the investment. I do not think you would call it big money. We made about 50 cents a thousand in 1904, as near as I can remember. In 1905 a little more than that, but not very much. In 1906 $2.50 a thousand. I mean that is what we received more than it cost us. We have no interest charge on our investment. We have an interest charge on what we actually owe, but we do not make a charge on our investment. When I state our loss, it does not include a charge for depreciation. We have used a different system from others in the matter of reckoning depreciation. We

built our mill in 1905. When we got the mill erected and ready for operation, we charged it off and called that the investment in mills, and everything added since then, perhaps ten per cent. each year, has been counted as operating expenses. That is the way we have kept our books, instead of the other way. We have kept an account showing the investment account during the year, but it is charged to operating expenses, and at the end of the year we can tell you how much was added to the plant, but it amounts to the same thing, the same thing as charging off for depreciation. I do not think we get the same prices for our common stuff that the Portland people do. Possibly two dollars a thousand less.

I am familiar with the various lumbering conditions throughout the western part of the State of Oregon. In figuring the amount of money made in investments, they vary in location and all kinds of conditions. There are investments that were made the last year at the present price of lumber on which they would actually lose money. I know two mills in our neighborhood closed down today. They are not able to pay their bills because they went into extravagant propositions in the matter of manufacture, basing their plans on the assumption that prices would be as high as they had been. I presume we get as much as the Booth-Kelly people get for their lumber; not a large percentage.

On certain of our logs we paid $2.25 freight. There were no additional transportation charges on those logs, nothing more than it cost ordinarily. It costs more to put logs on the car than to simply dump them in the river, I would say 25 cents more. It costs us 25 cents more, and then we have to unload them, and it costs something besides that in the way we have to do it. The cost would be about two dollars and sixty cents perhaps, including both the loading and unloading. We began logging at the railroad and we are now working back about a mile, I should say. We first moved these logs a mile in the ordinary course of logging before we put them on the railroad at all. The average cost of production to us is about thirteen or fourteen dollars a thousand. That is the cost for 1906 and so far in 1907. It was somewhat less in 1905. These logs that we have shipped over the railroad since 1906 have cost us approximately a dollar a thousand more than it cost us the way we got the logs before. I should say there was at least two dollars difference between 1905 and 1906. The lumber cost us twelve dollars in 1905. We took a contract in 1905 for seven dollars and fifty cents a thousand. We were sell-

ing our other lumber for better prices, but at the mill we had just bought at Salem we had no market, established, and we went to the railroad people and asked them if they had any business to give us, anything they could offer us, and they said we could cut some ties at that price, but that was the only thing they had to give us. At the same time we were getting nine or ten dollars in our local business there for the better grades of lumber, but we did not have a market worked up though at that time.

The average loading of cars there I should say is about twenty thousand to twenty-one thousand. On rough lumber I think the average loading would be 50 to 60 thousand, probably, at least sixty thousand pounds. On the better grades of lumber it would be less than that because we cannot get the full capacity for the car.

The ties are $7.16, and they are the poorest grade of lumber, and would otherwise have to go into the slab pile. Quite a good deal of the stuff would be burned up. We make about the same grades of lumber as Mr. Dixon's concern. Our logs at Newberg cost us $7.00 a thousand, actual cost, besides the stumpage, and while they show the whole cost of logging and milling within $9.84, I think, showing we went into a more extravagant proposition than they did. I do not say we made good profits last year. I say, in addition to that, over half our Salem product is marketed locally, at a fairly good price. The combined output this year was thirty-six million feet. We had approximately seven million feet surplus on hand before we had any intimation of this possible increase in rates, one-fifth of our yearly output. A great many of the mills in that section had that much, and some had a great deal more. I should think it might average that. I know of some that had less than ten per cent. So in the aggregate there was quite a surplus on hand six months ago. In our case this surplus represented the lack of ability to ship. We have been getting fourteen dollars a thousand for common, rough stuff in Salem this last summer, and other prices in proportion. Salem is situated about 50 miles from Portland, I think on the river. Steamboat navigation is open part of the year. There is some navigation all of the year. Freight rates from Portland in are reasonably low I guess, I think 7 cents per hundred pounds. Booth-Kelly and the Portland mills were not particularly butting into our territory or trying to undersell us this season.

There has been a fairly good market at Salem ever since

we began there. We got $13.00 in 1906 for our lumber I think. I think when we took the mill there we were getting $10.00 for common, rough. Stuff that we made into ties we probably could have made into common rough, but we could not have sold it there, and we had this surplus too. Up until the time we took it in 1905 the Salem mill had never shipped any lumber out of that country. They had simply run two or three months in a year to supply the local trade there, although they had the capacity to run all the year if they had had the market. Only a very small proportion of the cut was ties, of the cut of 1905, and we could not ship them, and the city did not let us pile them up in the streets, and that is the reason we had to get rid of them. That was the contract at $7.50, and the only place we had to put those ties was out on the street there.

Our average profit, as I stated, was about $2.50. We sold our local stuff at Salem for about $13.00 in 1906. Our cost approximated about $11.00 in 1906. In 1907 we sold the local stuff for $14.00. Our profit in that year was at least $2.50. The stuff we sold at $14.00 was only our common grades. We had other stuff that we got more than that for locally.

GEORGE P. RINN (Record, page 363), called on behalf of the complainants, testified as follows:

I reside in Chicago. My business is the manufacture of sash, doors and blinds. I have used Pacific Coast lumber in my manufacture in the past. We have been using in the past five or six years about half a million feet a year. We buy our Pacific Coast lumber delivered. That is the mill price plus the freight rate. If the price of spruce, of which we have been using most, were enhanced any, we could not afford to use it in our products. We would have to substitute other woods of a cheaper class. As I stated, we have been using about half a million feet a year, and the price during the past year has reached the limit that we can afford to pay for it, and utilize it in the manufacture of our products. We could use southern cypress for the doors and windows and interior work. We could use northern hard pine, I mean the Wisconsin, Michigan or Minnesota product, for the exterior work, in both of which we now use spruce, and some fir, or have been at least up to a short time back. Spruce or fir is more desirable. The spruce particularly is more desirable because it is more nearly like the old time cork white pine than anything

else. I said we used about half a million feet. That would be probably under the recent loadings, 25 cars. The increase in price per car to us would amount to from sixty to seventy-five dollars per car. I do not believe we could get from our customers an additional price that would absorb this advance in rates or any part of it. I do not believe we could get any more money for our spruce products.

Cross-Examination.

My business is the manufacture of sash, doors and blinds. We pay from twenty-eight to forty dollars per thousand feet for this spruce delivered in Chicago. It comes largely from the State of Washington, the Gray's Harbor district and the South Bend country.

It weighs for the best grades, varying from 2,000 to 2,500 pounds per 1,000 feet. It comes in dimensions from one inch to four inches in thickness. Random widths and random lengths, all the way up to any size. Sometimes it is dressed. When dressed it takes that lighter weight. When it is rough it runs up to 2,500 pounds to the thousand, if you are using the thick stuff. As a rule we try to buy the kiln dried, but there have been instances when we couldn't get a sufficient quantity of it kiln dried, and then we took it air dried. It weighed then approximately 2,000 pounds to the 1,000 feet. When not kiln dried it would run up as high as 3,000 pounds. Cypress for doors and windows and Norway pine for exterior work, such as porch rails, balusters and exterior mouldings compete with it. The cypress comes from Louisiana and Mississippi; and the rate to Chicago on cypress from Louisiana I think is 25 or 26 cents. From Mississippi it is practically the same.

These weights that I have given are the quoted standard rates on that grade of lumber, and they are also from personal observation on freight bills where I have figured out what they might run per thousand.

We have the Pacific coast price list and in determining whether or not this lumber could stand these advanced rates we bore in mind what the weight of these various grades of lumber were. I do not know that the weights have run from 2,000 pounds on dressed and kiln dried lumber, up as high as 3,000 pounds on rough, air dried lumber. The cypress when delivered in Chicago is a trifle higher in price for a similar grade, but it works out much easier as it is softer, to offset

which, the spruce works harder. The cypress is probably five or six dollars higher than the spruce. Spruce costs approximately $10.00 a thousand more to work in our factory than it would the same grade of cypress. By working it I mean manufacturing it into doors and windows. There is an advantage by reason of the preference which people have for the appearance of spruce over cypress of approximately four to five dollars a thousand. That is largely a matter of sentiment. In our part of the country folks have been educated to the old time white pine for years and years, and they want something that looks very much like it; and while a spruce product at the present time costs us a little more to manufacture and put it on the market, we do it. It costs us five dollars more. People do not pay very much more, if anything more, for the spruce product than for the cypress. It is simply an advertisement as much as anything else. We could in almost all cases use cypress where we do use the spruce, and we have reached the limit of $5.00 per 1,000 in using spruce over cypress. We make $5.00 a thousand more on cypress than we do on spruce and the profit is all absorbed in our factory. I doubt very much if we could equalize that by making a little less on spruce and a little more on cypress. If any advance were made on spruce we would return to the other woods. We could not afford to use spruce. We make $5.00 more on the cypress than on the spruce. If part of this advance in freight rates were absorbed at the west coast, so that the advance was only a dollar, I do not know that that would be so serious a matter on an entire car, but it seems to me in such a case it would be a matter of business judgment and we would use some spruce and some cypress, dividing it up and use the spruce where we had to, where the customer would not take anything else, and use cypress where he did not demand the spruce. We have used the spruce where we would have gotten out of using it, because the users are better pleased with spruce. We have used it very frequently where we have had the choice. In 1906 we sold most of spruce; also in 1905. I think we have sold more spruce in 1907 than cypress. The range of prices on spruce from 1905 to 1907 has not been very great. I should say the variation in the price paid for spruce from 1905 to 1907 in the same grades was three to four dollars, but at the same time these other goods have advanced in the same ratio.

Re-direct Examination.

We would not buy any under advanced rates. There has been a variation of three dollars in price during the past three years. One man will call on you and offer a No. 1 shop spruce at a certain price, and the following day a quotation may come in from another mill at three dollars below that, for the same grade, and then you use your own judgment as to which man will put up the better grade. This is a matter of experience.

To take a certain instance, and select a better grade of spruce, two inches thick, we pay $40 to $42; and the cypress has run from $40 to $46. As I say, the quotations at a given time will vary that much, one mill over another, or under another. The freight rate is a great deal less on the cypress than it is on the other lumber. I am unable to say why the cypress costs more in Chicago when the freight rate is so much less, because I have never manufactured cypress lumber out of logs, nor logged any cypress. I don't know why it should be worth more money unless it costs more to log or produce it. The manufactured article does not sell for very much more. The price is substantially the same. We manufacture very little white pine. A grade equal to spruce, select and better, which I have just said has run from $40 to $42, and in that neighborhood, in the spruce, would probably cost from $60 to $65 in white pine. In 1906 the better grades of white pine were up as high as $85. In 1893 white pine was chiefly used in our business in the making of doors and sash.

The production of white pine has decreased very greatly since 1900. As a factor of competition for the making of doors and sash in Chicago and contiguous markets, white pine is practically eliminated. I should not say that element of competition had nearly ceased in and about Chicago. I could not say that it had ceased at all. We are continually using spruce as a substitute for white pine, and explaining to our people that it is the nearest thing we have to the old time white pine, and they use it and are perfectly satisfied with it, and in many cases where no explanation is made, they believe it is still white pine. When we do not call attention to the fact that we haven't any more pine but simply ship them windows or doors of a good wood that is very near, why, they never say a word, and are perfectly satisfied, it is so nearly like it. When we list these spruce doors we list them as spruce doors, Washington spruce. I never bought anything except these special grades for door and sash.

I said there was a variation, not from $40 to $42, but that there was a difference of $2.00 in the quoted price of this spruce. It has ranged $2.00 higher probably now than it was two or three years ago; two or three dollars higher. That same difference exists at all times, you know. I don't know what the reported prices are just now, or what the mills ask for their lumber now, for we have not bought any. At any time within the past three or four or five years there has been a range in the quotations made to us by different Washington mills of at least two dollars or more all the time, depending on what mill we got it from. That is $2.00 a thousand. That of course depends on the grades, and different mills make different grades. I stated that a man uses his best judgment. One mill may quote their No. 1 shop at a certain price and another at $3.00 below that, and maybe a man will buy the higher quoted lumber, because it is better grade, and it will be cheaper for him to buy that at the advanced price, over the other man's quotation. The wood is the same but it is graded better. It may not be the fault of the manufacturer, but he grades it better. The timber is the same and the price list of the same grades varies that much. That is, one mill quotes you a certain price on a certain grade that is quoted as select or better; and another man quoted select or better at two or three dollars per thousand off from the first man's price, and that has been true for the last four or five years.

There was no radical change in the price of spruce in 1905; it was the same as in 1904 substantially. I am not buying anything at all under the new rates.

ARTHUR NOLLAU:

I reside in Chicago. My business is manufacturing mill work, sash, doors and interior finishings. I have been using Pacific coast lumber in my business. We use between 400,000 and 500,000 feet a year, spruce and fir mixed. We use spruce and fir for framing, sash and doors. At an advance in price represented by an advanced freight rate, or any part of it, we could not use either the spruce or the fir in our business. I am using other woods, the prices of which are on a parity with spruce and fir at the present time, and it is optional

with me whether I use spruce or cypress. The price is practically the same. All things being equal, I like to use spruce for the same reason that Mr. Rinn says; it looks nearer like white pine than anything else, and people seem to be better pleased with it.

If we paid a high price for our material we could not obtain a relatively higher price from our customers. We simply could not get it. The competition is such that people would use other woods, at a cheaper price, and we have got to meet that competition.

Cross-Examination.

My business is the manufacture of general mill work, sash, doors and blinds. The sale price in Chicago of spruce and cypress is now practically about the same. There is a little difference. There is a difference of five or six dollars in the cost of working up spruce and cypress. It may be ten dollars on certain work. There has been a difference of five dollars within the last year. At that time the spruce was five dollars lower than cypress and we used spruce. I think within the last year spruce is worth about two dollars more than it was a year or two ago. This spring the price of spruce was practically a couple of dollars a thousand above what we paid a year or two ago. There was no reason for the drop that I know of. The price of cypress dropped at the same time. Last spring the price of cypress was up. It has been going up for the past year, up to within a few months. It has been going up all through 1907 until within a few months. Spruce did not drop last spring. It has not dropped at all. There is very little difference in the cost in the past three or four years; probably about two or three dollars. I could not tell when that took place; it was gradual.

My business is all special; I do not make any stock work. It is all order work. We work according to special drawings and special specifications. I do not make any stock work whatever. We have no grades on our doors, or any given sizes; it is all according to the architect's drawings and specifications. We make them purely on specifications.

Re-direct Examination.

We buy all of our fir and spruce delivered in Chicago. We get the delivered price. Therefore we would not know of a change in the freight rates except by the price going up or down. The price never indicated any change in freight rates. It did not make any difference to me what the freight rate was. Spruce has been going up in the last three or four years. For select spruce we pay practically between $40 and $42. It varies. The lists are practically the same, but we seldom buy from the lists. There is a spread of from two to three dollars in the prices offered to us by different people from day to day from different mills in Washington and that has been the case for the last three or four years. We have used Washington or Oregon lumber in our business for the past six or seven years; none before that. I couldn't pay any advance under present conditions for that lumber, as long as I could buy cypress at the present prices, or yellow pine, or Norway. I figure that the spruce at the present prices I am paying, is about equalized with the prices of other lumber, and it is optional in 80 per cent. of our work whether I put in spruce or cypress. I can put in either one, and it depends on us entirely whether we want to put it in or not, unless the architect is very particular about wanting certain kinds of wood; and it is so hard to get these woods now that architects specify that you can use either spruce or cypress at your option. I think, to a great extent, that this advance in the freight rate from the north Pacific coast to Chicago will exclude or practically exclude the lumber for that reason.

I have not seen any indications that the exclusion of that source of supply in Chicago market will increase the price of the southern woods, but it might have such an effect. Cypress was considerably lower in 1904 than it is now. It has advanced more in the last four years than spruce has. We were using cypress in 1904, just about the same as we are now. It might be that the rate then was 60 cents just as it is now under the advance, but I always based it on the delivered price. The difference in prices of two or three dollars from different mills that solicited our trade was not always due to a difference in value or difference in grading of the different mills. Some of it was. In buying lumber of all kinds you will find two people quote the same grade of

lumber. You get both grades in, and there may be a big difference between one man's grading and the other man's grading, although they may call it the same. The same is true of any kind of lumber as well as spruce. And the difference in price may and does, to a great extent, merely represent the difference in quality, grading.

My experience is, when I have bought lumber from various people, I soon find out who makes the best grade, and of course, all things being equal, I prefer to buy from the man who makes the best grade, or even pay more for it. Under normal conditions there is a variation in the price of lumber, nominally of the same grade, of two or three dollars a thousand, and the purchaser must exercise his judgment as to whether in dealing with one party or another offering lumber, he will get the best value for his money. When we buy this lumber delivered in Chicago we pay the freight and deduct it from the invoice.

B. C. MILES:

Exhibit Miles No. 1 offered in evidence (Rec., 398).

EXHIBIT MILES 1.

LUMBER SHIPPED FROM THE CHAS. K. SPAULDING LOGGING COMPANY, NEWBERG, ORE., SHOWING FREIGHT CHARGES AND PRICE RECEIVED FOR LUMBER.

Shipped to.	Place.	Date.	Initial.	Car No.	Actual Weight.	Rate.	Freight Charge.	Mill Price.	Amount Invoice.
Pressed Steel Car Co...	McKees Rocks, Pa.	1- 2-07	M. C.....	33,628	86,200	62½	$538.75	$568.68	$1,107.43
Pressed Steel Car Co...	McKees Rocks, Pa.	1- 5-07	P. R. R.....	81,280	61,800	62½	386.25	493.34	879.59
McPhee & McGinnity..	Lodgeport, Neb...	1- 7-07	W. J. & S....	1,224	56,800	45	255.60	404.28	659.88
Pressed Steel Car Co...	McKees Rocks, Pa.	2- 2-07	C. & N. W...	83,380	60,000	62½	375.00	569.59	944.59
Pressed Steel Car Co...	McKees Rocks, Pa.	2-22-07	C. M. & St. P.	46,254	52,700	62½	329.38	375.37	704.75
Pressed Steel Car Co...	McKees Rocks, Pa.	2-26-07	C. & N. W...	93,862	39,000	62½	243.75	454.06	697.81
Morrison, Merrill & Co.	Salt Lake, Utah...	4- 2-07	U. P.....	81,818	77,500	40	310.00	430.94	730.94
E. G. West.....	Brady Island, Neb.	5- 8-07	L. S. & M. S..	10,782	50,000	40	200.00	249.91	449.91
G. W. Gates & Co.....	Levanna, Ohio....	4- 5-07	A. C. L.....	24,688	60,300	50	301.50	338.75	640.25
R. W. Bradley.....	Ft. Russell, Wyo..	4-24-07	M. C.....	3,044	60,000	60	372.00	301.49	673.49
R. W. Bradley.....	Ft. Russell, Wyo..	5- 8-07	C. B. & Q....	43,117	73,220	40	292.88	471.92	764.80
T. H. O'Neill.....	Ft. Russell, Wyo..	5- 9-07	C. B. & Q....	74,400	40,200	40	160.80	254.86	415.66
T. H. O'Neill.....	Ft. Russell, Wyo..	5-18-07	C. & N. W...	59,744	45,920	40	183.68	264.91	448.59
J. E. Painter	Cheyenne, Wyo...	5-21-07	C. & N. W ..	44,336	40,860	40	163.44	312.10	475.54
Hallack & Howard....	Denver, Colo.....	4-15-07	C. & N. W...	75,964	.....	40	332.00	586.57	918.57

The kind of stuff that, as shown on that Exhibit No. 1, was sent to McKees Rock, Pennsylvania, to the Pressed Steel Car Company, would vary in weight from 2,000 to probably 3,000 pounds, owing to the material furnished. If it was car siding or car lining which was kiln dried, it would weigh about 2,000 pounds. Car framing dressed would weigh about 2,700 to 3,000 pounds. The mill price was the price which we received from the purchaser, the column shown on the exhibit as "Mill price." That is the price f. o. b. the mill. The other is the price delivered and the freight charges are the exact charges taken from the expense bills charged back to us by the purchaser.

I couldn't tell you what kind of stuff that was that was sent to Lodge Pole, Nebraska, without referring to the invoice, nor the weight per thousand. I should judge from the weight of the stuff sent to Salt Lake, as shown by that exhibit, that it must have been either green dressed, or green rough; I don't know which it was without the invoice. It weighed, I should judge, from 2,800 to 3,000 pounds. I think I have a memorandum book showing the exact number of feet in those cars.

The shipment to Fort Russell, Wyoming, was different. That went, I think, into some government barracks that were being built there. We do ship common rough into that territory. On this Fort Russell order we furnished a large per cent. of the lumber that went into the barracks at these points. We simply took random cars in making up these statements as we came to them.

GEORGE M. CORNWALL:

I live in Portland, Oregon, and am publisher of the Timberman; it is a lumber publication devoted entirely to the lumber business. Have been engaged in publishing it or other papers connected with this business for eight years. During that time, it has been my duty to familiarize myself with the condition of the mills of the northwest, and I am familiar with their conditions.

A number of the Oregon mills as well as a number of the Washington mills are situated on water entirely, and some are situated on water and rail, and others entirely remote from transportation, and others entirely rail.

I would say to the Commission that I have taken the last forty days and kept up a constant correspondence with the

mills in Oregon relative to the question of their closing down, or the conditions that surround their business. Up to the present time and including the information which I received since I have arrived in Washington, I find that there are one hundred and sixty-five mills closed absolutely. In addition to these one hundred and sixty-five mills, there are a number of mills which are running on half time and some on quarter time. There are also some mills running steadily in the state on railroad orders, cutting ties and railroad material. In addition to the 165 mills closed down I might say that there are quite a number of other mills, I will say approximately fifty, that I have personal knowledge of, but received no direct reply from them, and hence would not like to be quoted; would not be in a position to state absolutely. In other words, I mean to say that the 165 mills I have heard from directly by mail, and the other indirectly.

Those 165 mills represent a production of about four and a half million feet daily. These closed mills have nothing to do with the coast mills. They are not in the segregation of coast mills, nor with the mills in the interior. It is only the mills that would be affected by this advance in rates. Up to the present time the effect on the mill industry has simply amounted to pretty nearly paralysis. About July we commenced to hear more or less rumors, at least I did myself, of the question of an increase in the rates. At that time it was suggested that the rate would become effective in October. From the end of August till the middle of September the mills reported that they were getting fewer orders from the territory where the increase in the rates would be effective, and by the first of October the mills found themselves in many instances practically without any eastern orders. Some few had a few come along, but as the time drew near the first of October, these mills were practically out of orders from that territory, and that is their condition today.

Assuming that this advance in rates prevents shipping, in my judgment, it would simply amount to this: that if these mills which are closed, which are not possessed of a large amount of capital, there will be only one thing left for them to do, that will be to liquidate. The final effect would be they would go out of the lumber business, and there would be fewer people engaged in the lumber business in the State of Oregon.

Mr. Teal: In connection with these rates, Mr. Cornwall, did you ever, personally, hear any statement made by any traffic official of the Harriman lines, as to the reason for this

advance; and if so, I wish you would state to the Commission the reason that they gave for the advance?

Mr. Cornwall: I heard Mr. Miller, traffic manager of the O. R. & N. Company say that, in his judgment, the lumber business was in a condition that was prosperous, and it could certainly stand this advance in the rates. He then went on to state that these rates of course were largely experimental, and if they did not work they would be taken out. The two reasons he gave were that it was an experiment, and the prosperity of the business justified the advance. I do not know that he had any other reason to offer. The statement was made in response to a question as to why the advance was made.

I publish the Western Railway Logging Directory covering the States of Oregon and Washington, giving the mileage of logging railways in those states, and our returns make about 1,085 miles of logging railways, I believe, from our last figures that we are making up for this year. I do not think there can be more than a couple hundred of miles difference between this total and the entire Harriman system in Oregon and Washington and Oregon. The mileage cost of those logging roads is about $10,000 a mile. The roads of which I publish this list are logging roads pure and simple. Some of them do a little commercial business, but so little that it could not be figured as any kind of an important item in the question of railroading. That investment is absolutely connected with the growth of this industry in those states, and could not be used for any other purpose. I have no knowledge of the transcontinental roads allowing these log ging railroads anything for operation.

The government reports show 300,000,000,000 feet of standing timber in the State of Oregon,; and in Washington about 200,000,000,000 feet. The lumber production of the United States in 1906 was something over 37,000,000,000. The production of the coast market of the fir lumber was, I think, about four and a half billion feet in the States of Oregon and Washington. The total production of lumber in Oregon in 1906 was two billion feet; of Washington about four billion feet, of all kinds of lumber and timber.

In my study of this situation, I have had occasion to look into the competitive conditions in those markets affected by this advance in rates, and my method of ascertaining has been to write to the different sections which would be interested in this increased rate, to find out what their sentiment was on the subject. The letters I received in answer are from

Colorado, Kansas and Nebraska. The general purport of the combined answers was that the increase of the rate would simply put Pacific coast lumber out of the market which it now possessed in the states, except in the case of some special material which could not be procured as easily from the southern states, or from Wisconsin, Michigan or Minnesota. The general result of my inquiries in that direction was that this advance in rates would simply eliminate the coast as a competitive factor in the markets where the advance is in effect.

Cross-Examination.

The paper that I referred to where I published those letters is the Timberman for October, 1907. At the time of the special issue of the Timberman I had about the same information on the subject of the advance in the rates that everybody else had, I presume. I was publishing items about how the business was injured. We get the paper out about the 19th or 20th of each month. I look into the facts that I publish here before I print them, to a more or less extent.

In the Columbia River district, about the 19th of September, logs probably were worth about $10.00. I think they were stationary as to price. The selling price of logs on the Columbia river about the 19th of September, 1907, was from $8.00 to $10.00; and they were showing a firmer tendency on the 19th of September; and I also wish to state that with the advent of the increase in the rate logging camps had got together and closed down their output largely so as to keep the output of logs somewhere in relation to the amount the mills would need; knowing that when November came there would be so much less logs required that the market, with a smaller output, would be still stationary.

In Washington, there had been a rise in the price of logs in 1906 of $6.00 a thousand on some grades of logs, and on some grades of fir logs. That was for most of the mills. Not all the camps. I should suppose it would be right to say there had been a rise in 1906 of from four and a half to six dollars per thousand feet on fir logs in the State of Washington generally. But it should be remembered that they have districts in the State of Washington where the price has always been a couple of dollars more than on Puget Sound. There has always been a difference in price.

The Washington Logging & Brokerage Company, to the best of my knowledge, is an association of loggers who handle

the selling, who are really a selling agency when the logs are sold to the mills. They were selling agents for the loggers on Puget Sound, as I understand it.

I think the law of supply and demand raised the price in 1906 absolutely. It was the fact that at the meeting of the Washington Logging & Brokerage Company, held in Seattle, on Saturday, September 14, 1907, the price of logs was reduced as follows: No. 2 logs from $9.00 to $6.50; merchantable, $12.00 to $10.00; flooring logs, $15.00 to $13.00. The Puget Sound market as reflected by the lumber business, would not stand any higher prices, and the association decided to meet the prices now prevailing in the Columbia River and Gray's Harbor districts. The selling agents of those loggers reduced the price from $2.00 to $2.50 per thousand on the logs to the Puget Sound merchants, in order to meet the competition of the other localities.

The item appearing in the special number of the Timberman, reading as follows:

"Hoquiam, Wash., Sept. 13, 1907.

"The Timberman: On account of the many logs in the fresh water being held back for the fall rains, our log market is fairly good. Cedar logs are bringing from $13.00 to $15.00, yellow fir from $10.00 to $12.00, No. 2s from $7.50 to $8.00. Of the twenty-four mills on Gray's Harbor, they are all running except to Western Mills and the Aberdeen Lumber & Shingle Company, both of Aberdeen."

fairly reflects the market on logs as we understood it over on Gray's Harbor, and I took pains to keep posted as to those matters.

I should think in 1906 the logs on the Columbia river advanced probably $3.00. I have known the logging business on the Columbia river rather intimately since 1889, and I know a great many of my logging friends have gone broke. That was in the early years, but in 1905 they made some money. In 1906 they raised their prices $3.00 a thousand, on the Columbia river, and I think the increase in the cost of labor and supplies that went into it, would probably take half of it anyhow. And on September 19th, logs were showing a firmer tendency on the Columbia river, due to the fact, as I explained, of the mills feeling the tendency and the loggers getting together and reducing the output.

(Witness' attention called to the following items at hearing, in the Timberman of September, 1907:)

"Sherman Brothers, Yankton, have added a 10x12 Seattle logging engine to their camp equipment.

"James Burch is installing a saw mill on Quine's Creek, near Glendale. The machinery has arrived.

"Beaver Lumber Company, Prescott, will install a horizontal band saw-resaw. The plant is now cutting about 90,000 feet a day.

"The new saw mill of Lyons & Johnson, Coquille, is practically ready for operation. The plant will have a capacity of 75,000 feet per day.

"Carlton Lumber Company, Carlton, has its new saw mill in full operation. The plant has recently been operated overtime on some special orders.

"Oregon City Lumber & Manufacturing Company, Oregon City, keeps the plant busy on local orders. Manager William Laselle is keeping things humming around the factory.

"Albany Lumber Company, Albany, expects to have a new mill in operation some time in October. The plant will have a capacity of 40,000 feet per day. Logs are already arriving at the mill.

"The Lebanon Paper Mills, Lebanon, have installed wood conveyor, 970 feet long and 50 feet high, which will give room for 20,000 cords of wood. The mills now consume about 15,000 cords of wood a year.

"The Oregon Lumber Company, Hood River, has placed on the market 1,500 acres of logged-off lands in the vicinity of Doe. These lands are particularly adapted to the production of fruit, and offer cheap home sites for many of the employes."

I think those items state the facts as we knew them to be.

(The witness' attention was called to the further items appearing in the Lumerman of September, 1907, as follows:)

"An order for three million feet of bridge material for shipment to Alaska has been placed among several of the Sound mills.

"E. K. Wood and Puget Sound Mills and Timber Company mills at Bellingham, completed an order August 23rd, for four million feet of lumber for Catalla, Alaska.

"The Northwestern Lumber Company, Hoquiam, operated five-quarter time during August to turn out special cargoes of lumber for Hawaii and the Orient.

"Sadder & Clark, of Newport, have received a contract from the Pan Handle Lumber Company, of Spokane, to supply them with twenty-two million feet of yellow pine.

"The Hart-Wood Lumber Company, Stockwell & Burrows, and S. E. Slade Lumber Company, Aberdeen, have been operating their plants overtime recently.

"The new saw mill at the Dickle Ship Yard, Raymond, is being rushed to completion, and is expected to be in operation early in October.

"An electric light system is being installed in addition to the regular equipment.

"Work on the New Mentzer Mill at Tenino is progressing rapidly. A mill pond will be excavated and a good water system installed. The new mill will be large capacity and better equipped than the one which was burned.

"Cougar Lumber & Shingle Company, Bellingham, has increased its capital stock to $500,000. The company is contemplating installing a saw mill. The members of the company are C. E. Funnell, True Uncaphas, and Carl Funnell.

"J. E. Murray, of Elma, Washington, has purchased the interest of the Young Bros. in the Young-Cole Lumber Company, of Eatonville. The capacity of the mill will be increased. An additional engine, electric light system and other improvements will be installed.

"The Stillwater Lumber Company, Little Falls, recently got out some timbers 20 x 20-05 feet. Mr. Olson states that at the present time there is more money for rail mills to confine their business entirely to rail shipments than by furnishing foreign cargoes where they have to compete with water mills.

"The Bellingham Bay Lumber Company, Bellingham, reports sufficient orders at present on hand to keep the mill running day and night until the first of the year. The company has added an electric tram road from the main section of the mill to their new docks. The cars are operated by one man, and the system has proved a splendid success.

"The Molberg Lumber Company, which filed articles of incorporation August 1, with a capital stock of $200,000, is planning extensive improvements in its plant at St. Clair Lake, four miles from Sherlock on the Olympia Line of the Northern Pacific. The plant at present has a capacity of 40,000 feet per day and this will be increased to 60,000. A single mill will be built with a capacity of 100,000 per day and a lath mill and box factory will also be added to the plant. J. P. Allen is president of the company.

"Announcement is made of the incorporation of the Pacific Coast Wood Pulp & Paper Company, of Aberdeen, with a capital of $1,000,000. It is proposed to erect a mill at Aberdeen with a capacity of 500 tons per week. By the use of special machinery, the refuse of the local mills will be utilized in making wood pulp. The mill will also manufacture newspaper stock, box board and wrapping paper.

"The Danaher Lumber Company's plant at Tacoma is again in operation. The capacity of the mill has been increased from 85,000 feet daily to 150,000 feet. A new planing mill has been added to the equipment and modern concrete dry kilns, which will handle 40,000 feet a day have been installed. The company is establishing eastern connections and will engage extensively in the rail business. Six hundred additional horse power in boilers and high pressure engines were installed to run the enlarged plant. Additional land has been purchased sufficient to give the company 1,200 feet of water frontage, and the same length of spur track, providing shipping facilities. W. S. Taylor is manager of the company and A. E. McIntosh, formerly with the Port Blakely Mill Company, is looking after the shipping end of the company's business."

I am willing to let everything go in that appears in the paper.

And the same is true with reference to the saw mills of Oregon, to which reference has been made, that were increasing their plants, some of them. The Commission ought to understand that the orders had been placed for the machinery months ahead. It takes sometimes eighteen months to build a saw mill; so that the conditions might be exceedingly favorable when the order was placed for the machinery, and might be entirely the reverse when the mill was ready to operate. Which was so in these cases. The price of logs simply held their own with the market for lumber.

I should say that the market was fairly stationary along about August 31 to September 8, 1907. I do not think the disturbance in rates had yet affected the tone of letters that were sent to me and published in that number to any marked extent. Probably largely due to the fact that the writers did not know there was any change in rates. These dealers might not have had a copy of them as published. I would not say that the loggers had reduced their prices about $2.00 a thousand from 1906 to a very short time ago, and that they reduced the price about $2.00 a thousand right after this rate took effect. The price of logs on the Columbia river today is about $9.00 to $10.00. For the best grade it has been up as high as $14.00 during 1907, and with the diminution of the demand for lumber, logs have gone down just as lumber has fallen. On that basis the fall would be $5.00 a thousand, and lumber has fallen equally.

I do not know that the mill men could operate today with this reduction in the price of logs, assuming that there was a demand for lumber, and make exactly the same amount of

money profit as in 1906. I do not know that for the reason that the increase in the price of labor and supplies which enter so largely into the manufacture of lumber has not been reduced yet. The reduction in the price of the logs which the loggers have made would more than cover this increase in the freight rate of even 10 cents a hundred, provided the price of lumber had not fallen equally with the price of logs. The reduction in the price of lumber is due to the fact that the market in which Oregon lumber can be sold is reduced in area. The price of logs has been reduced to the saw mill man approximately equal to the amount of the freight rate, or the increase in the freight rate, and if he had any demands for it, a man can sell lumber just as cheaply today over on the Columbia river, and sell it now and pay the increased freight rate and make as large a profit out of it as he could in 1906, but he has not any demand. There is a very slight demand in that territory of which you speak, where the increase in the rate will take place. We think that is due to the freight rate. We are able to sell cheaper than we were in 1906 to the extent of the reduction in the price of logs, but we do not get any orders, so it does not make any difference what the price is. This lack of orders commenced before the time when this freight rate went into effect, when the first intimation of the freight rate went out, or when the dealers got knowledge that the increase was really going to become effective, the decrease in their orders commenced, and it became more severe, of course, toward the end.

The price of logs has been reduced to an amount equal, if not exceeding the increase in the freight rates in some markets. A part of that reduction took place this fall, but you understand that this increase in the freight rate has also affected the country in which there has not been any rise, due to the fact that those people know that if this freight rate is maintained, all they have to do is to wait, and that with the crowding of the market the price of lumber will go down. Our California and foreign market is affected by the freight rate very materially.

I do not keep up with the yellow pine market to any great extent. Since I have come here I have heard there has been some reduction in the price of yellow pine.

The mills which are situated on water and rail and that can use both outlets to dispose of their product, knowing that their eastern market will be largely cut out, cabled their foreign buyers that they would be in a position to fill orders at

a lower price, and the result is that the foreign cargoes dropped practically in a week $2.00 a thousand feet when this foreign rate was known to become effective.

Speaking for the State of Oregon, as I am not advised as to the others, there are on the lines of the Southern Pacific, I think about 260 mills, which, during 1906, and the early part of this year, shipped into the territory to which this advanced rate applies. The total number of mills tributary to the Southern Pacific is 268. They can ship into that market, tributary to the Northern Pacific in Oregon, 215; tributary to the Astoria and Columbia River, 32. I will just add those up; about 315 mills. There are 50 mills on the O. R. & N. 165 are closed. The capacity per day, in round numbers, of the mills that are closed, is 11,000,000 feet. That is the capacity of the all-rail mills. The aggregate capacity of those which are closed is about four and a half million feet.

The aggregate production of forest products in the State of Oregon, in the year 1906, was estimated at two billion feet.

PHILLIP BUEHNER:

I live in Portland, Oregon, and am treasurer of the Eastern and Western Lumber Company; also president of the Oregon and Washington Manufacturers Association, and one of the plaintiffs in this proceeding.

We have only one mill now; that is located at Portland, Oregon, and has a capacity of 165,000 feet in ten hours, but we usually run the mill night and day. The mill has been run night and day every year since it was built except possibly the first few months, I forget which. We were running it night and day last year, and this year up to the middle of November. When I left there, the mill was shut down, closed.

Including plant, stock on hand, logs, accounts and real estate, investment that our company has in mill and plant connected with the mill operations, would be close to a million and a quarter of dollars.

As president of this organization, I am certainly interested in the consideration of freight rates of the State of Oregon. My mill is both a water mill and a rail mill. Last year we shipped about a third of our cut by water, and the balance local and rail, and about the same this year. We have a Northern Pacific outlet, connected with the Northern Pacific, and we are connected with the Harriman Lines also. So we

have all the connections we have in that country by rail, and in addition to that, the water.

I have prepared a diagram showing the amount and price of logs and lumber in the State of Oregon for a period of years. This plat or chart shows the absolute prices we paid for logs, for each month of the year. (Exhibiting chart or plat to the Commission.)

I show here on a plat or chart the absolute prices we paid for logs for each month of the year. This shows for 1900. This shows the selling prices of common lumber, from 1902. We had a fire at our western mill, and that burned down in 1902; and we did not have complete data from that time on, but I instructed the secretary to take our sale tags and give the exact prices we paid for logs for each month, the average price and the variation, and also the selling prices we obtained for each month of common lumber, and that shows how it varied in months and years. (Indicating on chart.) The heavy line is the price of logs; as you can see; you can see how the price varies there. It varies only a dollar at a time. This is the selling price of common logs. (Indicating on chart.) You see that that also varies. That sometimes went below the selling price or the cost price of the logs. Here is where the San Francisco disaster occurred, as you can see (indicating on chart), and prices went up there, as you see. The logs followed very closely, as you see. We never paid over $8.50 for logs; and that for about two months, although just at that time the average price of our common lumber was $15.50, for about six months.

This is cost. (Indicating.) When the drop in lumber began, it dropped from that $13.50 to $9.00. The lumber has been selling in that country for less than $9.00, but we have not sold any. Logs dropped from this (indicating) in February or March. This is the highest price this year; $13.50 down to $9.50. I think that was in September. Then they recovered one-half a dollar, and then they went down again the 1st of December. They went down again to $9.50. That is yellow fir. There is one thing about this I ought to explain. This is a base of lumber, this is a nine dollar base, and getting to 1906 the rise was higher and quicker than this chart indicates, for the reason that we had a lot of old business on our hands, which we shipped out at old prices. The market prices of lumber at that time were higher than usual.

At the same time, when it dropped, it dropped quicker than is shown here on the chart, on account of old business.

The sudden drop in September or October was due almost entirely, in my judgment, to the notification, to our being told that there would be an advance on eastern rates. After the rates were published, the orders were cancelled. No orders were sent in at all and the prices dropped very rapidly until the time came we had to shut down both our day and night runs until we knew more about it.

I am somewhat familiar with the Peninsular Lumber Company. They are in Portland. They ship entirely to the eastern markets and all rail material. As general information, I know that their mills in Portland are in about the same situation that we were in. The general feeling among the mills was that the proposed advance would probably compel us all to shut down, at least temporarily, and you might say they all lost their nerve, so to speak. I told Mr. Miller that we better have the rate advanced at once than to have that uncertainty. Mr. Miller is the traffic manager of the O. R. & N., and I requested him in July to come out at once and let us know whether these rates would be put into effect, and he said yes, that they certainly would go into effect, but they would not go into effect until October. As president of this Association, I had conferences with Mr. Miller, as traffic manager of the Harriman System in the west, and tried to show him what the effect would be if this advance in rates went into effect.

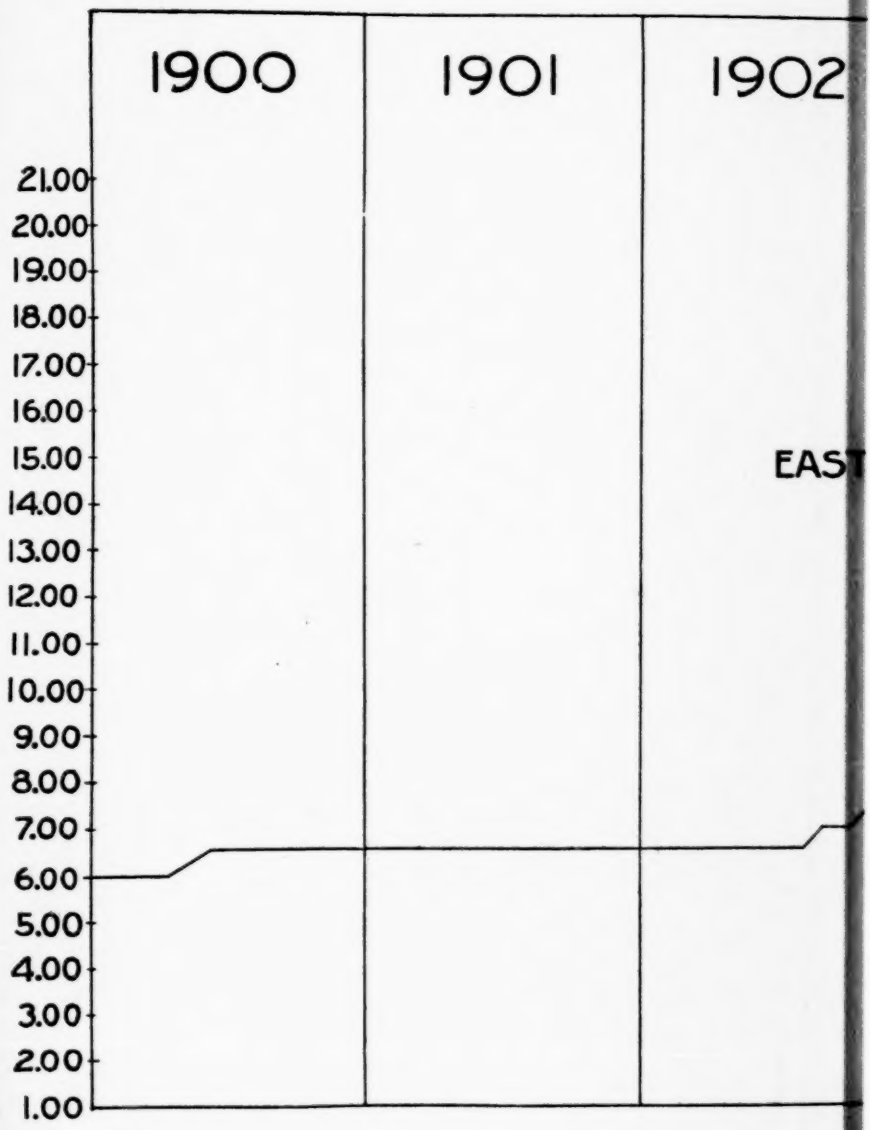
We went to see Mr. Miller several times, and on one particular occasion, when Mr. Harriman was there, I was particularly anxious to impress upon them that we would lose Denver as a shipping point if they raised the rate from 40 cents to 50 cents against a Southern pine rate of 34 cents. I told him that as near as our secretary could ascertain, that the fir was only about 30 per cent. of the business in Denver at that time, and to handicap us more would certainly exclude our common lumber from that market. Mr. Miller said: "It is more an experiment than anything else, and if not satisfactory we will withdraw it." That was his answer to that.

He stated substantially that the lumbermen were prosperous and that the prices justified an increase. There was a time up until lately the mills could ship some common lumber up to the Duluth and Minnesota Transfer Companies.

Considerable to Colorado and Wisconsin, and all the large dock orders, a great deal. Also rough lumber for car material and finished lumber for that also.

I have here also a chart to show the rate per 100 pounds from Portland on the different lines, old and new.

The two charts in question were introduced in evidence as exhibits, Buehner 1 and 2. (Rec., 457.)


1900
1901
1902
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3.00
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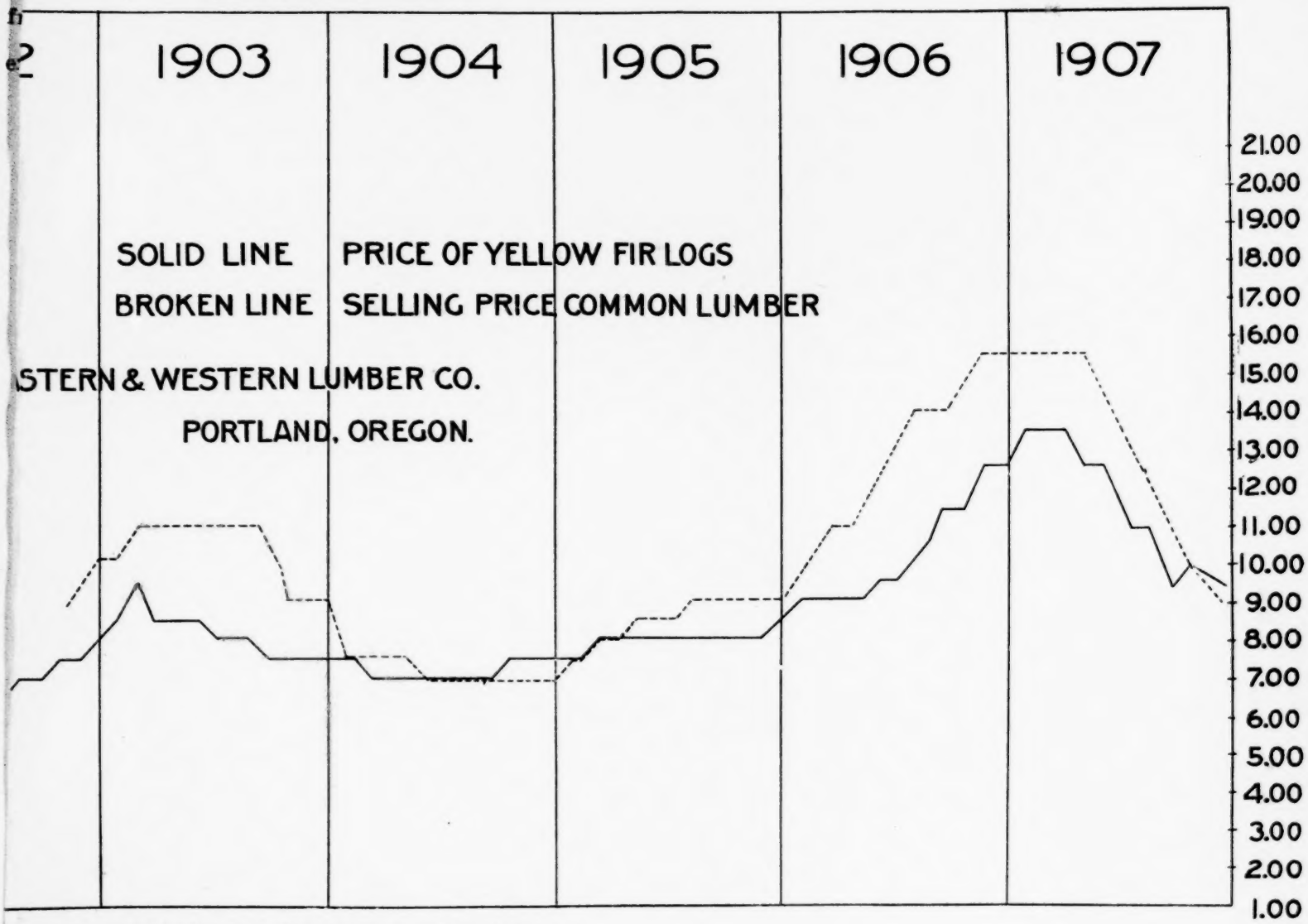
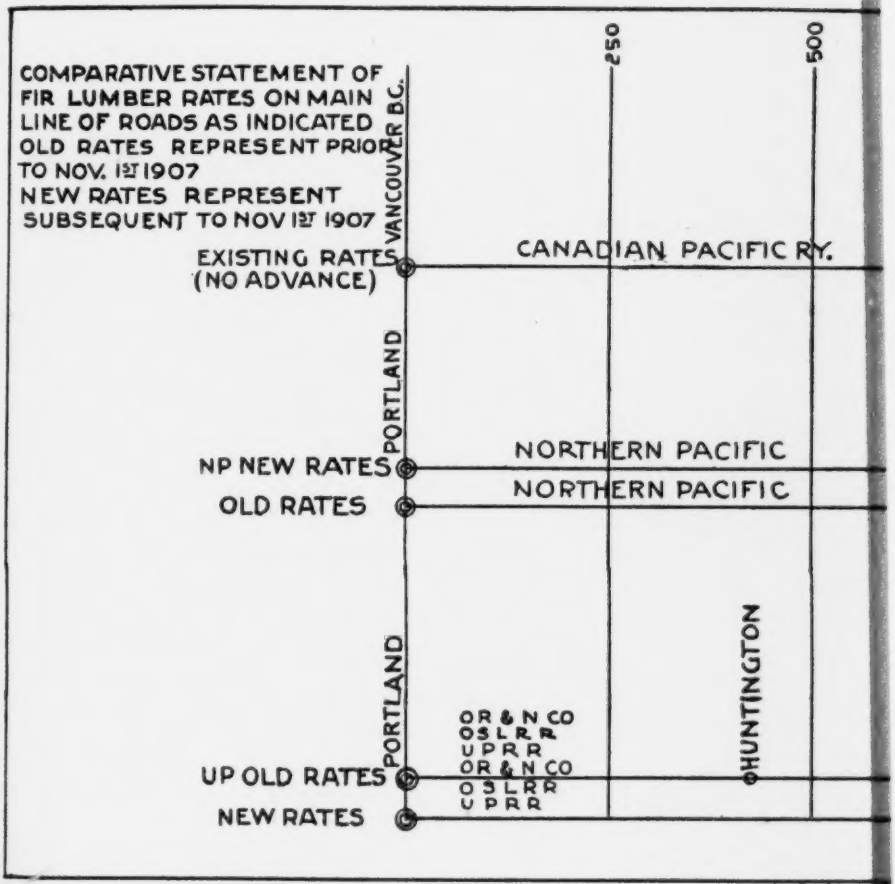
1.00
EAST

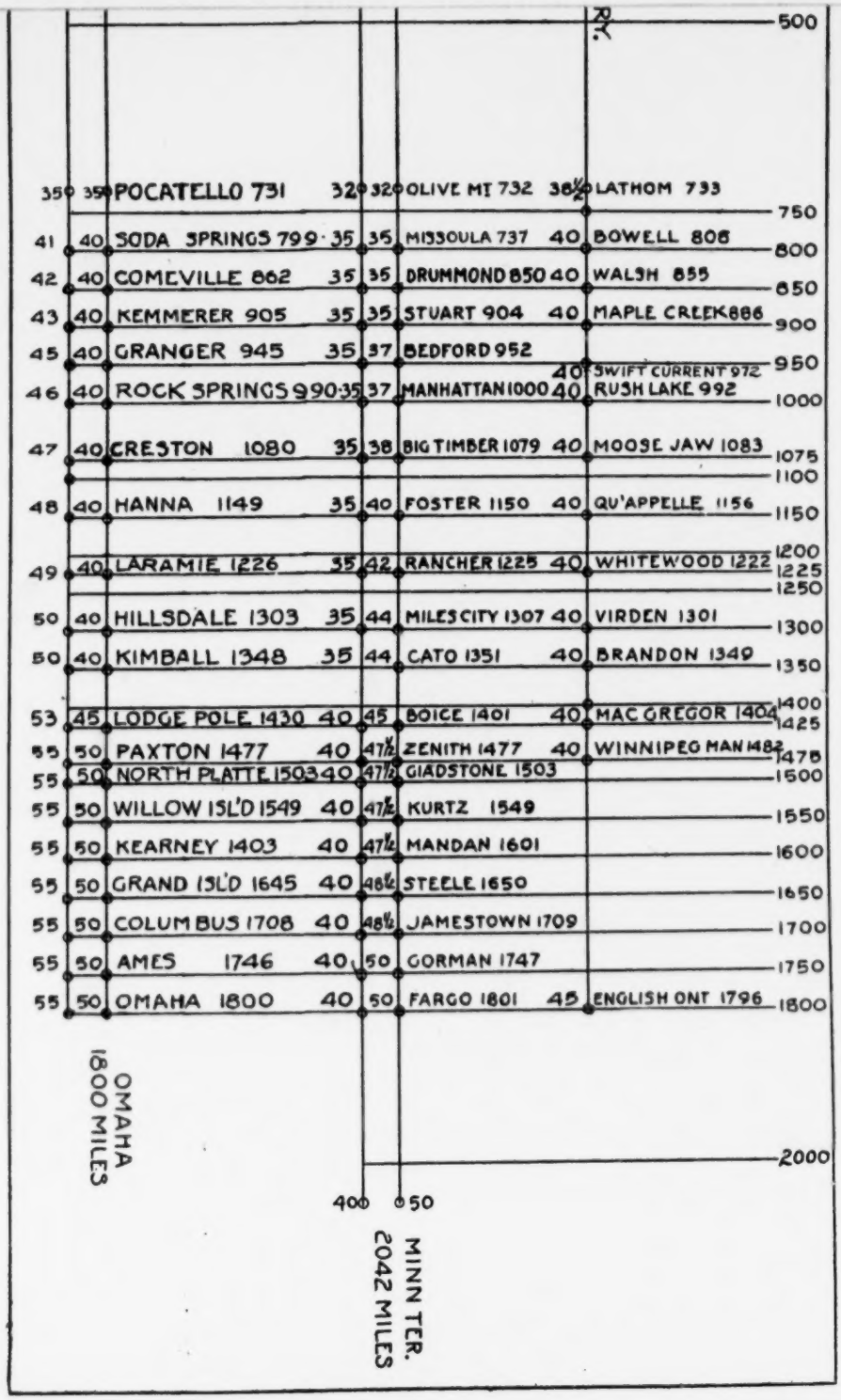
BUEHNER EXHIBIT No. 1.

CHART—Showing Relative Price of Yellow Fir Logs and Selling Price of Common Lumber Covering Years 1900 to 1907, inclusive.



Oregon & Washington Lumber Manufacturers' Association et al.,
vs.
Union Pacific Railroad Company et al.


COMPARATIVE STATEMENT OF
FIR LUMBER RATES ON MAIN
LINE OF ROADS AS INDICATED
OLD RATES REPRESENT PRIOR
TO NOV. 1ST 1907
NEW RATES REPRESENT
SUBSEQUENT TO NOV 1ST 1907
VANCOUVER B.C.
250
500
EXISTING RATES
(NO ADVANCE)
CANADIAN PACIFIC RY.
PORTLAND
NP NEW RATES
NORTHERN PACIFIC
OLD RATES
NORTHERN PACIFIC
PORTLAND
HUNTINGTON
OR & N CO
OSLRR
UPRR
UP OLD RATES
OR & N CO
OSLRR
UPRR
NEW RATES



BUEHNER EXHIBIT No. 2.

Cross-Examination.

I think we ran night and day close onto five years, and did not shut down during that period at all excepting as I have said, a few months in 1903, or 1904. We shut down then on our night run, but that was only for a few months. It was shut down while I was away, my partner shut it down, and it was shut down to add some little additions, but we could have run the mill before I left Portland. In fact it was started up on one Monday when I was there, but we shut down again. We shut down three days and then remained shut down.

Taking the year 1906, in Oregon, Washington and Utah, we sold 14,000,000 feet of our product. In Kansas, Nebraska, Colorado, and Eastern Missouri, ten millions. And then there is railroad material, sixteen million. That shows we shipped ten million feet out of twenty-four million feet by rail into the disputed or affected territory. This sixteen million feet of railroad material is not east of the Missouri river or into the affected territory. I don't know where that went. Our total output for the year was 100,000,000 feet. So, altogether about 10 per cent. of our business, and not over that, went to any point or place affected by any of these changes in rates. According to this statement, fourteen million, 14 per cent. in other words, went into the territory that is not affected and 10 per cent. into the territory that is affected. Thirty-four million five hundred thousand went by water, water shipment, and sixteen million five hundred thousand is railroad material, and then we did quite a little local business. That sixteen million feet of railroad material comes out of the one hundred million feet, but it did not go to this district that is affected by the change in rates.

We took an order of four and a half millions from the Southern Pacific Company in the fall of 1905, at $9.50, and I think that was increased a little afterwards, and I think probably one-half of that was shipped by water, and afterwards, another cargo was shipped by water. I know that. Probably a million and a half feet. That would probably make four million feet, as near as I can recollect, that went by water, and the rest of it went by rail. Not all Southern Pacific material. I think some was Union Pacific, and I think some was Short Line. I should say that one-third of the sixteen million went to the Oregon Short Line, the Union Pacific and O. R. & N. That is a guess, although I should say that at least a third went.

We shut down because we did not get a single order into this affected territory up to the day I left home. We did not shut down a one hundred million feet plant for the reason we were not getting orders from a district to which we ordinarily sold ten million feet a year. We were receiving very few orders from the territory that was not affected, that is Oregon, Washington and Idaho, and all other territory affected. The Coastwise movement was affected. The foreign business was affected. They knew of the change some time before we knew it. We have to meet competition and we tried very hard to get water business, foreign orders, and we got quite a bunch, but we had to take it very low. We shipped thirty-four million feet by water last year, and thirty-one million feet this year by water up to November 1st. I suppose we ship foreign fifteen or twenty millions and some years more than others. Prices dropped everywhere at the same time. At our mill they dropped about $2.50. All over the country.

I think Inman Paulsen cut more lumber than anybody else last year. His stuff goes to the same places that ours goes to.

To the question whether this sudden drop of about $2.00 a thousand was a cut made by the Portland lumber mills headed largely by the Inman Paulsen mill and myself, I should answer no and yes. Prices are something that the mills have very little control of, especially in a falling market. Mills have more to say as to prices on an upward market than they do on a falling market. On a downward market, we really have very little to say. We put in about half our logs, varying a little according to our cut for the year. The mill owns them. Owns its own timber. Right after the cut of $2.00 a thousand was made, the loggers cut their prices along the Columbia river—the logs dropped $1.00 in the month of July. Then they kept firm about at that same price, at $12.50, and then the next month they dropped $1.50; then they kept at $11.00 and then they dropped $1.50 the next month. In the month of August they went off $1.50 and then in September $1.50. Then they receovered in October half a dollar, and on the first of December again. The total drop was $4.00 up to the first of December. The lumber rate went up on our fir lumber, weighing from two thousand to thirty-three hundred pounds to the thousand, at the extreme point 10 cents a hundred. The advance in nearly all the territory was 10

cents; in some 5 cents. We shipped considerably more to the 10 cent territory. According to these figures here it is about six and three-quarters million feet to the 10 cent territory and about two and a third to the 5 cent territory. The price of lumber has dropped much more than the price of logs.

Well, I am satisfied that the drop in the price of lumber was caused primarily by the disturbance in the freight rate. The freight rate is such a large item in common lumber, it being propably three-fifths of the selling price of our common lumber, that it disturbs the conditions all around, when you change the freight rate. If you will notice that other big drop you will see it was caused by a change in the freight rates. That was way back in 1904. I did not realize that until I had made this plat up, had this chart prepared, and then I noticed it. That was a change in freight rates, and it had the same effect. When a change is made in the freight rate in the lumber business, it takes some time to readjust matters. Lumbermen cannot pile up any great amount of lumber, and they sacrifice their stock to get rid of it. The average weight of fir is 3300 a thousand. Some other lumber is a little heavier than that; that is green rough stuff and it decreases from that down to about 2,000 pounds for the higher kiln dried stuff, and some of it a little less than that.

On our business the advance in rates will run about $2.75 per thousand for averaging up all the cars. If the old rate should be restored, and it were understood that it should remain as it had been, I do not wish to be understood as saying that the price of lumber would go up $2.75 a thousand right away. There would be a readjustment until the other territory would probably readjust their prices. It would probably take a year or more until everything was readjusted. The buyers would hesitate to buy; they would have to make up their own minds that the prices were at their lowest marks. The price of lumber went down much more than the increase in the freight rate. The freight rate did not force it down. There was simply a disturbance there that caused the drop. If the old rate should be restored the prices certainly will not go up, but it will help matters. I mean to say the prices will not go back to where they were right away, but to restore the freight rate would help matters very much. That would tend to bring the prices back.

Yellow fir logs, according to the information given by our secretary, are selling at about $9.00 in Portland, including

towage of 50 cents a thousand. At that price the logger certainly will not make any profit if he has to pay the same price he did last year on his supplies and his labor, unless he puts the stumpage on at less than the stumpage is worth today. Yellow fir stumpage on the Columbia river today is worth about $3.00 choice, and red fir would be down about $1.50. Our yellow fir will average up probably more than a dollar. Without any interest charges or anything like that, about $1.08, or $1.12. We pay $2.00 for some. Some loggers have paid $2.50 for the stumpage. It cost last year to put logs into the Columbia river $5.34 a thousand, and 50 cents more for towage. $5.84 took the tree and delivered it to our mill. That is just the cost as to labor. Labor lines and keeping up the track, to which we must add the stumpage.

These logs are selling on the Columbia river today for $9.50 a thousand. There is an item of cost which has to be written off, because after your timber is taken out you have the large plant on hand, a railway on hand which either has to be abandoned or something done with it, and that is quite a large item. In one camp we charged $1.00 a thousand. The laying of some of our logging roads over a rough country has amounted to a cost of $12,000 to $15,000 a mile. In some cases it is difficult work and it costs that much.

I think it was February or January when the price advanced. It was only for about three months that the price was up that high. It was just a peak up there, and after that, after those few months—I will have to explain that. In the winter our logging is shut down, on account of the severe weather we have out there, and unless a mill buys a large quantity of logs in the fall it will run out of logs in February and March. There is nearly always a shortage in February and March, and it is necessary to buy enough logs to carry us over into May or June.

In 1900 we paid about $6.00 for logs, I think. For about two years it ran pretty uniform, and it ran 50 cents for towage. I suppose we could have bought stumpage for 75 cents to $1.00 in those days. The price of labor in those days was probably in actual effect, about one-half the price of last year.

This price of logs we are talking about, the logs were put in before the drop came. I know the price of labor has dropped. It has dropped probably 50 cents a day for com-

mon labor, and in our camps if we run we will probably cut the price of common labor 50 cents a day. We know that; that would be what we would do the first of next month, if we ran.

In 1902 the price of logs I think was $6.00. The highest price in 1906 that we paid was $13.50, I think, although I heard that there were some logs that sold for $14.50. $12.50 is the highest for 1906. I was referring to 1907. That was when the prices were so high. From 1902 to 1906 logs increased $6.00 a thousand feet, but that increase was not gradual. It was simply a sudden rise in the first part of 1906. Prior to the San Francisco fire, from 1902 to 1905, there was a raise of $3.00 per thousand in the price of logs; that was a gradual rise there from 1905, I think. And there was a rise in the price of labor and material also to the mills, as well as to everybody else, and a little rise in the price of lumber, I think. We always cut more than forty-six million feet. We had cut one hundred and twenty million feet before our fire.

Our first section there on the chart shows a production from August to December, only about five months.

In 1903 we cut 80,000,000 feet; in 1904 we cut 75,000,000 feet; in 1905 we cut 85,000,000 feet, and in 1906 we cut 100,000,000 feet; and in 1907, up to November, we cut 74,000,000 feet, dropping off all but the round figures. Our production was increasing, the price of logs was increasing, and the price of labor was increasing at the same time, but not exactly irrespective of the San Francisco fire. The price dropped in 1904, and the price of lumber dropped more, until we were selling, for several months, for one-half a dollar less than the logs cost us. That was in 1904 and 1905. Then the price of lumber gradually increased from 1905 until the peak was reached in 1907.

The price of lumber, like everything else, depends absolutely upon the demand; and the price of logs, in a limited territory, like the Columbia river, fluctuates more than the price of lumber will fluctuate, because our lumber is distributed over a greater area of territory.

On the present price of stumpage, allowing $3.00 a thousand feet now, as against $1.00 in 1902 and 1903, I do not think loggers can sell logs in the Columbia river for $9.50 and make a profit. The price I gave you for putting logs into the Columbia river was the cost of labor lines and re-

pairs, and your stumpage is all right, but you must take depreciation into account. I think that would safely be $1.00 a thousand.

The way we manufacture and the logs we put in, we get a fair over-run, varying from 12 to 25 per cent. Probably it would be an average of 18 to 25 per cent. That is largely due to the quality of our timber. We have extra fine timber, and I think I can say, without any braggadacio, that we have the finest timber on the Pacific Coast. We have been told that by people that ought to know. We save all our small pieces, because they are clear, and we make a pretty good gain on our logs. From 12-1/2 per cent. up to 20 per cent., I should say; probably 18 per cent. would be a fair average of the over-run. That applies largely the character of logs I am speaking of to the timber owned by myself.

By this change we are losing a whole lot of money by not running the mill. We are getting $6,000 a month for our refuse, sawdust and fuel, and our fixed expenses are over $600 a day. My partner closed down November 14th.

The decline was quicker than it is shown on that chart, because we had some old orders which held up the average selling price. In that respect that blueprint is not exactly right, but I can explain it. I think that was in the months of August and September. No. I would correct that: that break occurred in June. I should have said June. I do not think I spoke of a decline in October. There was a gradual decline from June, when the first disturbance occurred. It cost us $3.16 to $4.47 to saw lumber. The way we keep our books this is labor and ordinary supplies and ordinary depreciation for manufacturing and for handling the lumber, not considering anything for the plant or for the investment. I think that includes office expenses, yard expenses, and insurance and depreciation of plant. On the logging camp the depreciation should be $1.00 a thousand. On our mill it is not as much as that. In making the estimate of $4.47 for sawing the lumber I have allowed for depreciation of plant from 4-1/2 to 15 per cent., depending upon the nature of the plant and what it is. We figure that a mill will not last more than ten years. Our western mill lasted seven years and it was burned down.

In 1906 our logs ran rather long, they averaged 36 feet to the log, and if I recollect the average scale was twenty-six hundred and odd feet to the log. The larger the log is the

more good lumber you can get out of it, provided it is a sound log. One log which would produce 3,000 feet would be worth, by economy in handling and otherwise, much more to the manufacturer than five, six or eight logs producing the same amount of lumber. In a log of 2,000 feet the proportion is the same. There is, however, a medium sized log, if you get beyond that it is very expensive and it is the same way with a small log, that is more expensive. The medium sized log is the best. If you get 2,000 feet out of one log and 2,000 feet out of five logs, you have gotten the 2,000 feet out of the one log at much cheaper cost of production than you have gotten the 2,000 feet out of the five logs, and have got a much better grade of lumber.

The price of common lumber appears on the chart. Common usually runs above the price of the logs, but for a few months it was less. I would say this. That is simply the average of the business. For instance, we sold the Southern Pacific Road, as I told you, a million feet of lumber, at four and five dollars less than we paid for the logs; but at the same time we were manufacturing lumber at a higher price, to make up the average. So this is all average of the total shipments, which is the fair basis to consider. That is the average of common. That is the base price. We sold our selects and clears and other first class stuff at the same time for prices that varied. We have long lengths and fine timber that we have gotten sixty dollars for, but those were all special jaks, and that does not amount to much. The base price is the price of common lumber. Of course it depends on the grades and sizes, that fine quality lumber is only a small quantity of the total. We figure we get from 26 to 28 per cent. No. 2 and better. The price of that varies very much. I suppose $10.00 for common. I suppose that when common is selling for $10.00 we would get $20.00 for No. 2 and $27.00 for No. 1, and for extra fine No. 1, different sizes, probably $30.00.

The greatest number of the mills in Portland and on the Columbia river buy their logs, but the larger mills are beginning to operate their own camps.

Complainants offered in evidence "General Exhibit B," as follows:

UNION PACIFIC SYSTEM.

TRAFFIC STATISTICS.

Part of the figures cover 1900 and others 1902, being date of first issue of combined reports.

	1900.	1906.	1907.
Mileage operated	5,325.68	5,403.55	5,610
Gross earnings	$32,631,769	$67,281,543	$76,040,726
Average train load	367.42	509.71	.....
Average tons freight per loaded car	19.49	21.54	.....
Average distance of haul of one ton	363.72	410.27	.....
Average receipts per ton per mile	.098	.091	.....
Freight earnings per mile of road	5,950.87	9,066.63	.....
Earnings per freight train mile	3.31	3.84	.....
Tons carried one mile per mile of road	751,097	1,203,174	.....
Percentage of empty cars in train	29.04	25.20	.....

Products of forest, tons—U. P., 255,209–5.24%, 697,091–8.30%, 694,858–7.8%.
Products of forest, tons—O. S. L., 286,489–12.41%, 709,973–15.13%, 741,271–14.43%.
Products of forest, tons—O. R. & N. Co., 504,228–33.48%, 920,375–28.56%, 1,041,262–30.25%.

As the O. R. & N. Co. handles a larger percentage of lumber than any of the other roads forming the Union Pacific System, it is of interest to note its empty car haul as compared with the entire system.

PERCENTAGE OF EMPTY CAR MOVEMENT O. R. & N. CO.

	1900.	1906.	1907.
Percentage of empty cars in trains	23.58	20.51	18.76

As a matter of fact, it has a lower percentage of empties and the percentage has increased with the increase of the lumber traffic.

Southern Pacific Railway Company and its Proprietary Companies.

TRAFFIC STATISTICS.

	1900.	1906.
Mileage operated	7,545.17	9,191.56
Gross earnings	$63,920,414	$105,632,550
Average train load	295.30	383.07
Average tons freight per loaded car	17	19.78
Average distance of haul of one ton	307.51	262.31
Average receipts per ton per mile	.957	1.025
Freight earnings per mile of road	5,296.97	6,734.36
Earnings per freight train mile	2.51	3.29
Tons carried one mile per mile of road	621,424	784,590
Percentage of empty cars in train	27.04	28.47
Products of forests, tons	2,252,676 14.77%	4,571,491 20.36%

Northern Pacific Railway Co.

TRAFFIC STATISTICS.

	1900.	1906.	1907.
Mileage operated	4,714.19	5,401.14	5,443.67
Gross earnings	$30,021,317	$61,223,476	$68,419,762
Average train load	317.67	400.47	406.77
Average tons freight per loaded car	13.42	17.30	17.78
Average distance of haul of one ton	309.66	341.57	328.79
Average receipts per ton per mile	.1047	.0832	.0866
Freight earnings per mile of road	4,628.50	8,075.37	8,798.33
Earnings per freight train mile	3.14	3.33	3.53
Tons carried one mile per mile of road	467,804	971,139	1,011,164
Percentage of empty cars in train	27.23	26.99	21.08
Products of forests, tons	2,207,526 31%	5,961,617 38.82%	6,257,557 37.38%

GREAT NORTHERN RAILWAY CO.
(Not including Proprietary Companies.)

TRAFFIC STATISTICS.

	1900.	1906.	1907.
Mileage operated	4,085.10	5,150.56	5,226.48
Gross earnings	$22,005,710	$46,368,411	$50,208,035
Average train load	321	544.71	561.55
Average tons freight per loaded car	14.30	19.57	20
Average receipts per ton per mile	.0966	.0778	.0755
Freight earnings per mile of road	4,077.04	6,783.97	7,121.97
Earnings per freight train mile	3.10	4.244	4.247
Tons carried one mile per mile of road	421,699	870,697	941,512
Percentage of empty cars in train	22.51	28.18	24.05
Products of forests, tons.	1,079,155	2,789,306	2,699,324
	20.85%	17.33%	14.80%

CHICAGO, BURLINGTON & QUINCY.

TRAFFIC STATISTICS.

	1900.	1906.	1907.
Mileage operated	6,310.47	8,608.26	8,863.40
Gross earnings	$38,032,911	$72,803,349	$81,705,307
Average train load	195.26	370.38	394.06
Average tons freight per loaded car	12.12	16.53	17.55
Average distance of haul of one ton	195.70	271.52	283.71
Average receipts per ton per mile	.0877	.0804	.0787
Freight earnings per mile of road	4,193.38	5,900.47	6,325.54
Earnings per freight train mile	1.71	2.98	3.10
Tons carried one mile per mile of road	477,367	731,306	802,722
Percentage of empty cars in train	27.22	30.92	26.58

Chicago & Northwestern Railway Co.

TRAFFIC STATISTICS.

	1900	1906	1907
Mileage operated	5,246.19	7,482.77	7,550.64
Gross earnings	$43,390,994	$63,481,577	$68,878,931
Average train load	254.61	285.91	271.37
Average tons freight per loaded car	14.65	16.07	16
Average distance of haul of one ton	150.74	144.07	144.46
Average receipts per ton per mile	.0837	.0888	.0904
Freight earnings per mile of road	6,154.40	6,185.56	6,535.69
Earnings per freight train mile	2.13	2.54	2.46
Tons carried one mile per mile of road	734,849	694,068	718,982
Percentage of empty cars in train	26.72	30.25	29.92
Products of Forests, tons.	3,709,608	5,433,941	5,570,386
	14½%	15.18%	14.82%

EMPTY CAR MOVEMENT.

Pacific Coast Group.

	1906	1907
Great Northern	28.18%	24.05%
Northern Pacific	26.99%	21.08%
Union Pacific	25.03%	24.88%
Southern Pacific	26.78%	26.43%
Atchison, Topeka & Santa Fe	27.52%	26.59%

EMPTY CAR MOVEMENT.

Middle States and Eastern Group.

	1906	1907
St. L. & S. F	27.86%	30.08%
C. R. I. & P	31.00%	26.95%
C. & N. W	30.25%	29.92%
C. M. & St. P	28.55%	27.59%
C. B. & Q	30.92%	26.58%
N. Y. Central	33.48%	32.50%
Illinois Central	26.20%	24.61%
Penn	36.75%	36.58%
B. & O	34.95%	33.19%
Seaboard Air Line	29.94%	29.08%

Northern Pacific Railway Co.

FINANCIAL STATISTICS.

Taken from Report of Stockholders, June 30th, 1897.

COST OF ESTATE.

"Upon September 1, 1896, the Northern Pacific Railway Company entered into possession of the Railroads, Lands and appurtenant property that has been purchased at foreclosure sales.

In exchange for the property thus acquired, and unified in the present Northern Pacific System, the Railway Company issued

$155,000,000 of Capital Stock and
129,816,500 of Mortgage Dept.

$284,816,500 total issue as of September 1, 1896, and since has received from Messrs. J. P. Morgan & Co., as Reorganization Managers

$ 3,674,913.20 in Cash, and
1,325,086.80 in $2,210,000 General Lien Bonds at about 60 constituting the
$ 5,000,000.00 Betterment and Enlargement fund,
10,500.00 Prior Lien Bonds,
440,000.00 General Lien Bonds,
4,086,300.00 Preferred Stock, and
2,500,000.00 Common Stock;

of which securities all are now held as a part of the treasury assets of this Company, and upon September 1, 1897 (including the cash received), had a cash market value of $ 7,767,723.20."

Northern Pacific Railway Co.

Capital Stock.	1897	1907
Preferred	$ 75,000,000	Retired.
Common	80,000,000	$169,721,100
Mortgage debt	130,812,500	281,530,500
Bonds of other companies assumed	25,570,000	12,785,876
	$311,382,500	$464,037,476

Northern Pacific Railway Co.

Year ending June 30	1900	1906	1907
Mileage	4,714.19	5,401.14	5,433.67
Gross earnings	30,021,317	61,223,476	68,419,762
Net earnings	15,626,689	30,028,043	33,519,762
Earnings per mile of road	6,368	11,335	12,570
Operating expenses to earnings	47.90	50.80	51
Dividends paid:			
Preferred Stock	4%	Retired	Retired
Common stock	3%	7%	7%
Net Surplus for year	$ 1,083,818	$ 5,555,760	$12,623,929
Total Surplus	2,504,804	19,936,979	44,595,708

	1900	1906	1907
App. from earnings for betterments, June 30, '99-June 30, '06		20,011,285	
Maintenance of way and structures, '97-'07, charged to operating expenses			64,036,807
Maintenance of equipment, same period			37,547,585
Appropriated for depreciation of equipment			5,926,753
Additions and betterments prior to June 30, '06, transferred to capital			18,162,597

This item accounts for the large increase in total surplus shown in 1907.

GREAT NORTHERN RAILWAY CO. AND PROPRIETARY COMPANIES.

FINANCIAL STATISTICS.

	1900	1907
Capital stock outstanding	$98,882,700	$184,531,712
Funded debt	96,577,454	207,517,939
Car trust notes	176,242	
	$195,636,396	$392,049,651

GREAT NORTHERN RAILWAY CO.

Year ending June 30,	1900	1906	1907
Mileage	5,075.86	5,907.39	5,982.31
Gross earnings	28,910,799	51,276,280	55,144,402
Net earnings	14,033,211	25,423,357	22,581,626
Earnings per mile of road	5,965	8,681	9,217
Operating expenses to earnings	51.46	50.42	59.05
Dividends paid, per cent	7	7	7
Maintenance of way and structures 1900-1907, charged to operating expenses			38,567,586
Maintenance of equipment, same period			24,555,987
Net Surplus for year	2,217,763	5,184,569	4,436,142
Total surplus	2,684,240	23,593,165	28,029,307
Charged to fund for "Replacement of Equipment"			3,083,836.51
Charged to "Fund for permanent Improvement and Renewals"			2,000,000

	1900	1906	1907
Charged to "Fund Cost of Improvements to St. P., M. & M. R. Co."			4,036,434.76

CONTINGENT LIABILITIES.

Cost of additions and improvements made by the Great Northern Railway Co. to property leased from the St. P. M. & M. Ry. Co., and paid for from "Fund for Permanent Improvements and Renewal"	$15,648,150.81
Unexpended balance of "Fund for Permanent Improvements and Renewals"	4,879,612.31
Fund for replacement of equipment	6,997,810.25
Insurance fund	444,410.69
Surplus fund of proprietary companies deposited with the Great Northern Ry. Co	9,878,581.46
	$37,848,565.52

CHICAGO, BURLINGTON & QUINCY.

FINANCIAL STATISTICS.

	1900	1907
Capital stock	$ 98,447,500	$110,839,100
Funded debt	134,174,100	168,690,000
	$222,621,600	$279,529,000
Sinking fund	20,375,366	27,590,565
Renewal fund	10,000,000	10,000,000

Year ending June 30,	1900	1906	1907
Mileage	7,545.78	8,896	9,134
Gross earnings	47,535,420	74,146,761	82,473,250
Net earnings	16,133,079	20,638,761	20,729,464
Earnings per mile of road	6,299.60	8,334	9,041.14
Operating expenses to earnings	62.73	69.41	71.4
Dividends paid, per cent	6	7	7
Net surplus for year	2,099,084	3,907,572	4,320,333
Total surplus	15,722,392	41,649,537	47,033,299
Maintenance of way and structures, 1900 to 1907, charged to operating expenses			73,826,489
Expended per year		11,312,712	14,445,867
Maintenance of equipment, same period			73,121,327
Expended per year		13,639,942	14,725,632

UNION PACIFIC RAILROAD CO. AND AUXILIARY COMPANIES.

FINANCIAL STATISTICS.

Capital Stock:	1898	1906
Common	$ 61,000,000	
Preferred	75,000,000	
	$136,000,000	$357,701,200
Funded debt	95,000,000	278,683,000
	$231,000,000	$636,384,200

UNION PACIFIC RAILROAD CO. AND AUXILIARY COMPANIES.

Year ending June 30:	1900	1906	1907
Mileage	5,710.91	5,403.55	5,610
Gross earnings	47,500,279	67,281,542	76,040,726
Net earnings	23,359,927	32,055,066	35,465,838
Earnings per mile of road	8,166	12,376	13,554
Operating expenses to earnings	50.92	52.07	.....
Dividends paid:			
Preferred stock	4%	4 %	4%
Common stock	5½%	8%	10%
Net surplus for year	21,361,691	42,796,026	53,649,189
App. from earnings and expended for betterments and other improvements, June 30, 1899, to June 30, 1906	.....	19,885,775	.....
Maintenance of way and structures, 1902 to 1906, charged to operating expenses	.....	34,980,962	.....
Maintenance of equipment, same period	.....	30,708,505	.....

"The receipts for the year were the largest in the history of the Companies since their re-organization in 1898. Excluding the $10,329,815.60 income from investments, and dealing only with the transportation operations, they compare with those of the year 1898 as follows:

Year ended	Miles of Road Operated	Gross transportation Receipts	Operating Expenses and Taxes	Receipts over Operating Expenses and Taxes
June 30, 1906	5,403.55	$67,281,542.60	$36,963,773.16	$30,317,769.44
June 30, 1898	5,325.68	32,631,709	19,580,290.89	13,051,478.16
Increase	77.87	$34,649,773.55	$17,383,482.27	$17,266,291.28
Per cent	1.46	106.18	88.78	132.29

"The operating expenses for the year were charged with $2,206,610.39, which sum was credited to a reserve fund for future maintenance, renewals, etc. The credit to this fund is now $4,774,610.39, which for the present is ample, considering the improved physical condition of the properties, to permit a discontinuance of further charges to operating expenses for reserve. The surplus from transportation operations available for distribtuion will therefore be greater by the amount of the annual deduction for this reserve fund. There is also a credit of $4,678,350.93 to a reserve fund for betterments, additions and new equipment, which makes a total credit to reserve funds of $9,452,961.32."

SOUTHERN PACIFIC COMPANY.
(Not including Proprietary Companies.)

FINANCIAL STATISTICS.

Capital Stock:	1900	1906	1907
Common		$197,849,258	.....
Preferred	$197,832,148	39,569,840	.....
Bonded debt	31,176,500	39,200,500	.....
	$229,008,648	$276,619,598	.....
Total funded debt Southern Pacific Company and Proprietary Companies	$ 19,914,106	$371,425,321	.....

SOUTHERN PACIFIC PROPRIETARY COMPANIES.

	1906
Capital stock	$309,770,572.00
Preferred stock	25,200,000.00
Funded and other fixed interest-bearing debt	323,989,006.97
Equipment trust obligation	2,850,000.00
3% Notes to U. S. of America	17,643,814.68
	$679,453,393.65

SOUTHERN PACIFIC CO., INCLUDING PROPRIETARY COMPANIES.

Year.	1900	1906	1907
Mileage operated	7,545.17	9,191.56	9,423
Gross earnings	$63,920,414	$105,632,549	$124,864,440
Net earnings	22,511,614	37,511,656	42,285,533
Earnings per mile of road	8,106.66	10,784.42	13,251
Operating expenses to earnings	64.78	64.49	66.1
Dividends paid:			
Common stock		5	6
Preferred stock		7	7

	1900	1906	1907
Net surplus for year	7,253,420	11,118,837	.....
Total surplus	43,731,797	82,665,869	.....
Maintenance of way and structures June 30, 1900, to June 30, 1906		85,970,369	.....
Maintenance of equipment, same period		73,636,937	.....

CHICAGO, BURLINGTON & QUINCY R. R. Co.

Quotations from "American Railways as Investments," by Carl Snyder (pp. 189, 193, 197):

On June 30th, 1907, the capital account stood as follows:

Capital stock	$110,839,100
Funded debt	174,172,000
Total capital	$285,011,100
Securities held (inc. am't with S. F. Trust)	25,879,630
Approximate net capital	$259,131,470

Approximate net capital per mile	$29,128
Average miles operated	8,896
Net earnings on net capitalization	8.7%
Stock on net capitalization	42%
Fixed charges on Total Net Income	45%
Factor of Safety	55%

"In 1906 the actual surplus of the road (a considerable part being concealed in maintenance) was undoubtedly about $18,000,000, equivalent to more than 17% on the capital stock. It was sufficient to pay the full interest on the collateral trust bonds and leave an outstanding equity for the two proprietary roads of perhaps four or five million dollars. This is certainly a very remarkable showing."

"A peculiarity of the Burlington in the large amount held by the trustees of the sinking funds, which have not been usually considered in the capital estimates of other roads because of the general smallness of the items. To the close of the fiscal year of 1906, the Burlington had paid into its sinking funds nearly $26,000,000.

"Nominally the undistributed surplus remaining after all charges, the payment of 7% dividends on the three millions of outstanding stock not deposited under the bonds, and the interest on the joint collateral bonds, amounted in 1906 to $3,907,572. The same item for the years since the purchase of the roads by the Hill interests are shown in the tables or surplus earnings."

"If, however, $5,300,000 were added to the nominal net surplus shown in 1906, the equity remaining for the two proprietary roads would be in excess of $9,000,000. It could be conservatively estimated at least half this or over $2,000,000 for each road."

IMPROVEMENTS FROM EARNINGS.

"With the Northern Pacific, as with so many other roads, however, the maintenance charges represent only a part of the actual amount expended in the maintenance and improvement of the road. In addition to the charges shown, the following sums since the reorganization have been appropriated from earnings for betterments:

1897–8	$ 811,709
1898–9	2,176,619
1899–0	3,000,000
1900–1	2,011,285
1901–2	3,000,000
1902–3	3,000,000
1903–4	3,000,000
1904–5	3,000,000
1905–6	6,081,980
Total	$26,081,593

"This is a solid sum, and the appropriations in 1906 were especially heavy. In 1906, in addition to the $3,000,000 regularly set aside for some years for betterments, $2,000,000 was written off on account of the depreciation of equipment, and $1,081,980 was diverted from the earnings for insurance fund.

"Since 1900 these special appropriations total over $20,000,000, which stands for example against similar appropriations in the same period of $18,057,700 for the Atchison, and $15,130,910 for the Great Northern, and nothing at all on the Burlington."

"The surplus of 1906 was sufficient to pay the regular 7% dividend on the stock, set aside $3,000,000 for betterments, charge off $2,000,000 for depreciation of equipment, turn $1,081,000 into the insurance funds, and carry $5,500,000 to the credit of profit and loss for the operations of the year."

LEW ANDERSON:

Anderson Exhibit 25-A; Record, 542, which I prepared.

ANDERSON EXHIBIT No. 25-A.

Florida, Georgia, Mississippi,	Yellow Pine.
vs.	
Eugene, Ore. Albany, Ore.	Fir Lumber.

COMPARATIVE STATEMENT.

Showing distances and rates on yellow pine lumber in cents per hundred pounds and per ton per mile from three points in Georgia, one in Florida, and two in Mississippi, to Chicago, as compared with fir lumber in cents per hundred pounds and per ton per mile from Eugene and Albany, Oregon, to Chicago, via Portland, Oregon, and what is known as the Harriman lines. Also to points same distance from Albany and Eugene that Chicago is from the yellow pine points. The short line mileages have in each instance been used.

Comparison shows that although the Harriman lines enjoy a haul from 1,309 to 1,562 miles in excess of the Southern lines—or, to state it in another way, a haul represented by the distance from Rawlins, Wyoming, and Pocatello, Idaho, to Chicago, yet the Harriman lines rate per ton per mile on Chicago shipments ranges from one and ninety-five hundredths mills less to seventeen hundredths mills more than the rate per ton per mile enjoyed by lines from the yellow pine district.

The yellow pine shipping points shown in this statement are among those set forth by Mr. Compton, the railroad company's representative appearing in what is commonly known as the Tifft case. The points as stated by Mr. Compton, in his exhibit of Chicago rates, are fairly representative points of origin, likewise are the Mississippi points, as is indicated by reparation claim I. C. C. No. 67, filed with this Commission by George T. Mickle Lumber Company of Chicago.

Basis of comparison, Gulf and Ship Island R. R. Co. Lumber Tariff S-357, I. C. C. No. 130–4/15/03–So. Ry. I. C. C. 9265–3/14/05; Trans-Continental Freight Bureau I. C. C. No. 564–4/15/05, and I. C. C. No. 850–11/1/07.

EQUAL DISTANCE AND TO CHICAGO FROM EACH.

From	Route	To	Dist.	Rate in cents per 100 lbs.	Rate in cents per ton mile.	From	Dist.	Basis	Rate in cents per 100 lbs.	Rate in cents per ton mile.	Miles.	Difference mills per ton.	Favor of
Argyle, Ga.....	Evsv.	Chicago, Ill...	1013	27	.00533	Albany	2372	Old	50	.00422	1359	.00111	A. C. Line
A. C. Line						to							
						Chicago		New	60	.00506		.00027	A.C.Line
				Old									
Albany, Ore....	Hunt.	Opal, Wyo....	1000	40	.00800	Eugene	2416	Old	50	.00414	1403	.00119	A.C.Line
S. P. Co.				New		to							
				44	.00880	Chicago		New	60	.00497		.00036	A.C.Line
				Old									
Eugene, Ore....	Hunt.	Fossil, Wyo...	1019	40	.00785								
S. P. Co.				New									
				42	.00824								
Lulaton, Ga....	Evsv.	Chicago, Ill...	1022	27	.00528	Albany	2372	Old	50	.00422	1350	.00106	A.C.Line
A. C. Line						to							
						Chicago		New	60	.00506		.00022	A.C.Line
				Old									
Albany, Ore....	Hunt.	Granger.....	1025	40	.00780	Eugene	2416	Old	50	.00414	1394	.00114	A.C.Line
S. P. Co.				New		to							
				45	.00878	Chicago		New	60	.00497		.00031	A.C.Line
				Old									
Eugene, Ore....	Hunt.	Fossil, Wyo...	1019	40	.00785								
				New									
				42	.00824								

EQUAL DISTANCE AND TO CHICAGO FROM EACH.

From	Route	To	Dist.	Rate in cents per 100 lbs.	Rate in cents per ton mile.	From	Dist.	Basis	Rate in cents per 100 lbs.	Rate in cents per ton mile.	Miles.	Difference mills per ton.	Favor of
Jacksonville, Florida..... A. C. Line	Evsv.	Chicago, Ill...	1063	26	.00489	Albany to Chicago	2372	Old	50	.00422	1309	.00067	A.C.Line
								New	60	.00506		.00017	S.P.Co.
Albany, Ore.... S. P. Co.	Hunt.	Green River, Wyo.....	1055	Old 40	.00758	Eugene to Chicago	2416	Old	50	.00414	1353	.00075	A.C.Line
				New 45	.00853			New	60	.00497		.00008	S. P. Co.
Eugene, Ore.... S. P. Co.	Hunt.	Granger, Wyo.	1069	Old 40	.00748								
				New 45	.00824								
Hague, Fla..... A. C. Line	Evsv.	Chicago, Ill....	1089	29	.00533	Albany to Chicago	2372	Old	50	.00422	1283	.00111	A.C.Line
								New	60	.00506		.00027	A.C.Line
Albany, Ore. .. S. P. Co.	Hunt.	Point of Rocks, Wyo.....	1095	Old 40	.00731	Eugene to Chicago	2416	Old	50	.00414	1327	.00119	A.C.Line
				New 46	.00840			New	60	.00497		.00036	A.C.Line
Eugene, Ore.... S. P. Co.	Hunt.	Green River, Wyo.....	1099	Old 40	.00728								
				New 45	.00819								

EQUAL DISTANCE AND TO CHICAGO FROM EACH.

From	Route	To	Dist.	Rate in cents		From	Dist.	Basis	Rate in cents		Miles.	Difference mills per ton.	Favor of
				per 100 lbs.	per ton mile.				per 100 lbs.	per ton mile.			
Laurel, Miss.... G. & S. I. Ry.	St. L.	Chicago, Ill...	854	26	.00609	Albany to Chicago	2372	Old	50	.00422	1518	.00187	G.& S.I.
								New	60	.00506		.00103	G.& S.I.
Albany, Ore.... S. P. Co.	Hunt.	Lava, Idaho...	848	Old 40	.00944	Eugene to Chicago	2416	Old	50	.00414	1562	.00195	G.& S.I.
				New 40	.00944			New	60	.00497		.00112	G.& S.I.
Eugene, Ore.... S. P. Co.	Hunt.	Pocatello, Ida.	855	Old 40	.00936								
				New	.00936								
Lumberton, Miss G. & S.I.Ry.	St.L.	Chicago, Ill...	811	26	.00609	Albany to Chicago	2372	Old	50	.00422	1501	.00187	G.& S.I.
								New	60	.00506		.00103	G.& S.I.
Albany, Ore.... S. P. Co.	Hunt.	Bancroft, Ida..	879	Old 40	.00910	Eugene to Chicago	2416	Old	50	.00414	1545	.00195	G.& S.I.
				New 40	.00910			New	60	.00497		.00112	G.& S.I.
Eugene, Ore.... S. P. Co.	Hunt.	McCammon, Ida.	874	Old 40	.00915								
				New 40	.00915								

It is a comparative statement from points in Florida, Georgia and Mississipi, and from Eugene, Oregon, and Albany, Oregon, in the Willamette Valley, made up in two ways, to Chicago, Illinois; first, the rate per ton per mile from those points in the south to Chicago, the rates from those points in the west to Chicago, and the rate per ton per mile on the rates as charged to the West for a like distance going east, that is out points in Colorado, Idaho, or wherever it would reach. It is taken from the official report of the Tift case, and also from claims No. 67 in the Yellow Pine case. The rates are from tariffs on file, current tariffs. I have compiled the rates myself, but I have used Mr. Compton's mileages and his points of origin and his destinations.

Anderson Exhibit No. 26, record, 545, is a table prepared by me. It shows equal mileage per ton per mile and also in cents per 100 pounds as well as rates from the west to three points mentioned, and from the yellow pine district to three points mentioned.

ANDERSON EXHIBIT No. 26.

Louisiana, Texas } Yellow Pine.

vs.

Albany, Ore., Eugene, Ore. } Fir Lumber.

COMPARATIVE STATEMENT.

Showing distances and rates on Yellow Pine Lumber in cents per 100 lbs. and per ton per mile from two points located in the center or midst of the Yellow Pine section of Louisiana and Texas, to

DENVER, OMAHA AND KANSAS CITY,

as compared with Fir Lumber rates in cents per 100 lbs. and per ton per mile, from Eugene and Albany, Ore., to the same points; a so to points same distance from Albany and Eugene that Denver, Omaha and Kansas City are from Yellow Pine points.

Comparison on Denver shows that although the rail haul from Oregon points is from 184 to 362 miles greater than haul from Yellow Pine District, yet the rate per ton per mile on the Oregon shipments is from 74/100 mills to 1-33/100 mills greater than the rate on Louisiana and Texas shipments to Denver.

Comparison on Omaha shows that although the haul enjoyed by the Oregon Lines is from 965 to 1,072 miles or distance from Oregon, Utah, to Omaha, in excess of Southern Lines haul, yet the rate per ton per mile on the Oregon shipments is from 11/100 mills to 82/100 mills greater than the rate on Omaha shipments from Louisiana and Texas points.

Comparison on Kansas City shows that although the haul enjoyed by the Oregon Lines is from 1,391 to 1,590 miles, or distance from Granger, Wyo., and Pocatello, Idaho, to Chicago, in excess of Southern Lines haul, yet the rate per ton per mile on the Oregon shipments is but from 1-18/100 mills to 3-11/100 mills less than the Southern Lines excessive rate of 6 and 8 mills.

Comparison on equal mileage basis shows that Oregon Lines rate per ton per mile is from 96/100 mills to 6-13/100 mills higher than the Southern Lines.

Basis of comparison is Kansas City Southern Tariff No. 216-D, I. C. C. No. 1509, effective April 1, 1904; Texas and Pacific Tariff 8500-H, I. C. C. No. 792, effective June 1, 1902, and Transcontinental Freight Bureau East Bound Lumber Tariffs I. C. C. No. 564, effective 4/15/05, and I. C. C. No. 850, effective Nov. 1, 1907.

EQUAL DISTANCE AND TO DENVER, COLO.

From	Route	To	Dist.	Rate in cents per 100 lbs.	Rate in cents per ton per mile.	From and To	Dist.	Basis	Rate in cents per 100 lbs.	Rate in cents per ton per mile.	Miles.	Difference mills per ton.	Favor of
Alexandria, La. Tex. Pac. Ry	Ft. Worth	Denver, Colo.	1156	34	.00588	Albany, Ore. So. Pac.	1470	Old	40	.00531	314	.00057	Tex.Pac.
								New	50	.00680		.00092	So. Pac.
Albany, Ore. So. Pac.	Hunt.	Wamsutter, Wyo	1148	Old 40	.00697	Eugene, Ore. So.Pac.	1510	Old	40	.00530	362	.00058	Tex.Pac.
				New 47	.00819			New	50	.00662		.00074	So.Pac.
Eugene, Ore. So. Pac.	Hunt.	Bitter Creek, Wyo.	1155	Old 40	.00692								
				New 46	.00796								
Donaldsonville, La., T. & P.	Ft. Worth	Denver, Colo.	1286	34	.00529	Albany, Ore. So.Pac.	1470	Old	40	.00531	184	.00002	So.Pac.
								New	50	.00680		.00251	So.Pac.
Albany, Ore., S. P. Co.	Hunt.	Lookout, Wyo	1279	Old 40	.00625	Eugene, Ore. So.Pac.	1510	Old	40	.00530	224	.00001	So.Pac.
				New 49	.00766			New	50	.00662		.00133	So.Pac.
Eugene, Ore. S. P. Co.	Hunt.	Med. Bow, Wyo.	1289	Old 40	.00621								
				New 48	.00745								

EQUAL DISTANCE AND TO DENVER, COLO.

From	Route	To	Dist.	Rate in cents per 100 lbs.	Rate in cents per ton per mile.	From and To	Dist.	Basis	Rate in cents per 100 lbs	Rate in cents per ton per mile.	Miles.	Difference mills per ton.	Favor of
Nacogdoches, Tex., Hou. East and West Tex.....	Shreveport, Kansas City	Omaha, Neb...	847	23	.00543	Albany, Ore. So.Pac. Co.	1879	Old	50	.00532	1032	.00011	H.E.& W. T.
								New	55	.00585		.00042	S.P.Co.
Albany, Ore.... S. P. Co.	Hunt.	Lava, Idaho...	848	Old 40	.00943	Eugene, Ore. So.Pac. Co.	1919	Old	50	.00521	1072	.00022	H.E.& W. T.
				New 40	.00943								
Eugene, Ore.... So.Pac.Co.	Hunt.	Pocatello, Idaho.....	851	Old 40	.00941			New	55	.00573		.00030	S.P.Co.
				New 40	.00941								
De Quincy, La.. K.S.C.Ry.	Shreveport, Kansas City.	Omaha, Neb...	914	23	.00503	Albany, Ore., S.P.Co.	1879	Old	50	.00532	965	.00029	S.P. Co.
								New	55	.00585		.00082	S.P.Co.
Albany, Ore.... So. Pac. Co.	Hunt.	Montpelier, Idaho.....	910	Old 40	.00879	Eugene, Ore., S.P.Co.	1919	Old	50	.00521	1005	.00018	S.P.Co.
				New 42	.00923			New	55	.00573		.00070	S.P.Co.
Eugene, Ore.... So.Pac.Co.	Hunt.	Bancroft, Idaho	903	Old 40	.00886								
				New 42	.00930								

EQUAL DISTANCE AND TO KANSAS CITY, MISSOURI.

From	Route	To	Dist.	Rate in cents per 100 lbs.	Rate in cents per ton per mile.	From and To	Dist.	Basis	Rate in cents per 100 lbs.	Rate in cents per ton per mile.	Miles.	Difference mills per mile.	Favor of
Shreveport, La. K.C.S.Ry.	.....	Kansas City...	560	23	.00823	Albany, Ore., S.P.Co.	2110	Old	50	.00474	1550	.00359	K.C.S.
								New	55	.00521		.00302	K.C.S.
Albany, Ore.... S. P. Co.	Hunt.	Caldwell, Idaho	557	Old 40	.01436	Eugene, Ore., S.P.Co.	2150	Old	50	.00465	1590	.00358	K.C.S.
				New 40	.01436			New	55	.00512		.00311	K.C.S.
Eugene, Ore.... S. P. Co.	Hunt.	Payette, Idaho	560	Old 40	.01430								
				New 37	.01321								
De Quincy, La. K.C.S.Ry.	.....	Kansas City, Mo.....	719	23	.00639	Albany, Ore., S.P.Co.	2110	Old	50	.00474	1391	.00165	K.C.S.
								New	55	.00521		.00118	K.C.S.
Albany, Ore.... So.Pac.Co.	Hunt.	Shoshone, Idaho	703	Old 40	.01138	Eugene, Ore., S.P.Co.	2150	Old	50	.00465	1431	.00174	K.C.S.
				New 40	.01138			New	55	.00512		.00127	K.C.S.
Eugene, Ore.... So.Pac.Co.	Hunt.	Bliss, Idaho...	718	Old 40	.01114								
				New 40	.01114								

Cross-Examination.

The rates per ton per mile on the Atlantic Coast Line as shown on the Exhibit are higher than from the Oregon lines. I compare the rates for instance from Albany to Chicago with Argyle, Georgia, to Chicago. I show an equal mileage in the left hand column. All the differences on the first page of the exhibit are in favor of the Atlantic Coast Line, and all on the second page except two are in favor of the Atlantic Coast Line.

The Southern Pacific Company charges on stuff from Eugene to Chicago eight one hundredths of a mill per ton per mile higher than the rate from Jacksonville to Chicago.

In preparing the exhibit and in taking these points I took the map that was prepared in the yellow pine case as an exhibit, showing the yellow pine region of Louisiana and Texas, and I picked out points in the central portion of that region as shown on the map.

W. C. MILES, (Record page 553), testified as follows:

I reside at Globe, Washington, I am a lumber man. Globe is in the territory known as southwestern Washington. It is to Southwestern Washington that my testimony will refer. It is a timber country. That is all that is there. There is some little farming but not to amount to anything. The principal industry and the only industry practically in that country is timber, lumbering and logging, sawing and manufacturing lumber. There are some few lumber factories, such as door factories and turning-square factories, but the business of the country is about all lumbering. I have been in the lumbering business practically all my life. I was out of it six years, with the Northern Pacific. I have been in business actively in Washington as a principal since 1898. My plant is on the South Bend branch of the Northern Pacific Railroad about 19 miles from South Bend at Globe. I have been located there for five years last July. Our active operations there will cover about four years and two months.

In 1905 we shut down for about six months. My figures will cover the time up until the 1st of November. Since that we have no figures. I am president of the Southwest Washington Association. It is an association of lumber manufacturers. There are about thirty mills in it. I am connected with the Lumber Manufacturers' Agency. That is an incorporation, which was incorporated to sell the output of a number of mills there. It was incorporated in 1903. We com-

menced business in 1904 and since that time we have been selling the output of from nine to twelve mills in there. More have gone in and some have dropped out, but it practically varied. They are, however, all mills located right in that section.

Seven hundred and twenty thousand feet of lumber a day is easily put out by the mills connected with this agency I speak of. The output of our Association is about 1,500,000 feet a day normally. Practically that section will produce about two millions a day. There are about thirty-six mills that are applicable to our case, from thirty-six to forty-five. Their output, I estimate to be about two millions a day. This Association, which is simply a voluntary association, covers abouty thirty of the mills in there. These are all rail mills. We do not get out to tide water. I am a director of this manufacturers' agency. The books are open to me when I want to look at them. The lumber that passes through that agency is shipped all over the United States. We do not get into the yellow pine region. We do get some small shipments maybe as far east as New York, and once in a while a special order will go down to the south, for some place in there, but it is only for special material. Our lumber goes out by the Northern Pacific. We cut largely timbers in that section, special timbers, fir timbers. It is handled over the Northern Pacific entirely until it reaches Billings, and then over the Burlington, it goes into the Southwest. Our timber at Globe is very high class timber. I mean it will run a higher percentage to clear than some other sections. Our mill will run better than common, about thirty. That is on our figures. I would have to qualify that because in our manufacture we cut a great deal of squares there for turning squares. That is from a 4 by 4 to an 8 by 8. Now, while that will pass better than common, there will be a great deal of common because there will be many defects. Where it was cut into inch lumber it would not go as common. Then there are a great many cross-arms to which this also applies, manufactured down in there. That makes our percentage of common run better than common, about thirty.

Before engaging in business at Globe I was with the McCormick Lumber Company. I was a member of that firm in 1898, until 1899. Then I organized the Rock Creek Lumber Company a mile and a half west of there, and was with them until 1902. Both of those mills are parties to this suit. In 1903 it cost us

$8.25 to put our lumber on board cars. In 1904 six months' operation, it cost us $9.80. In 1905 it cost us $8.28, in 1906 it cost us $9.97, in 1909, $13.11. In 1903 our average net selling price was $11.17; in 1904 $10.94; in 1905 $11.10; in 1906 $12.81; and in 1907 $17.57. That gives an average for those years of $9.88 cost on board cars and gives an average of $12.72 net selling price, a profit of $2.84. That is on material we loaded on cars and shipped. The stumpage cost is in that. The mills in that section mostly own their own stumpage. I would say that would be a fair average of the mills in that section of the country, compared with the mills in the Agency. The mills in the Agency, their shipments since 1904—I went through them and I will compare them in this way. I will give you the average weight their material is shipped on:

14.5 per cent. shipped at 2,000 pounds.
6 per cent. shipped at 2,500 pounds.
16 per cent. shipped at 2,640 pounds.
15.1 per cent. shipped at 2,700 pounds.
48.4 per cent. shipped at 3,300 pounds to the thousand feet.

Those figures are based on estimated weight. They were not taken from the expense bills that came back, because we could not do that. We make up the estimated weights in this way. We take our shipments over the Northern Pacific or any road we are shipping over for a number of years and average them. Now, taking our own mill on green and rough timber that has been shipped from our mill over the Northern Pacific Railroad, their track scale weights show 3,200 pounds to the thousand feet, board measure. That is what we show, but we have to have a little factor of safety there. But on our shipments I think that is near right. Those weights are as near as we can get them. They are estimated, but near enough to give the figures that make a comparison there. The excess cost of the production of lumber in 1907 over 1906 was due to the difference in manufacture and difference in wages and everything else comes in there. It costs you more to handle, handling a different class of logs. There is a constant difference in stumpage. In 1906 and 1907 I allowed 50 cents difference for the stumpage. When I went in there in 1902 I paid $1.50 for the stumpage. I simply follow the market, what I can buy it for to-day, and charge my stumpage at that. In 1907 it was $3. That is what I had to pay for stumpage prior to November 1st. What it would be to-day I do not know. In 1906 I charged $2.50. I can tell you how I buy that stumpage and how that runs. When I went into business in 1908 I could buy stumpage

for 25 to 50 cents from individual holders and $1 a thousand from the Northern Pacific Railroad Company. That was based on an estimate that would cut 40 per cent. better than clear. That is, I know that under those estimates I can cut 40 per cent. better than clear off that land. To-day that same stumpage would cost me, bought from the Northern Pacific holdings $3 stumpage, and it won't go over 20 per cent. better than common, on the estimates they are making to-day. You see the percentage of clear estimates, the manner in which they estimate makes that difference, so I have never followed it by acres. I have simply followed it by quarter sections as we buy. We pay so much.

By "40 per cent. better than clear" I mean that in estimating it you do not estimate the tree. Your whole profit is made on your clear. You don't make and profit on common. If we break even in our manufacture of common our profit comes out of our clear. A higher percentage of clear makes a lower estimate on the land. When you buy a piece of timberland and the stumpage is low, the estimates are low, but the estimates increase as the tonnage goes up. I bought one piece of land that was estimated to cut thirty million, and in figuring that out I figured the clear was simply estimated and those clear logs would run about 40 per cent. better than common. That is, I would leave the balance in the woods. I would take out 100 per cent. of the logs and 40 per cent. of what I would take out would be clear. The rest of it I would let lie there and burn up. The timber there is sold altogether on estimates. We do not buy it by the acre. It would run anywhere from three to fifteen millions to the quarter section. Fifteen millions is counted a good quarter section. An ordinary quarter section would be somewhere about eight or ten millions on the average. Where we are operating the timber is just as good as in any other section of the country. It runs very largely to clear, 30 per cent. 65 per cent. of our individual output, and that would be practically applied to the twelve mills of the Agency, anywhere from about 60 to 65 per cent., was shipped into the territory affected by this rate. I should think that estimate would be fair of the mills in this Association. Our cut is largely timbers down there. It goes east to the railroad companies and all heavy buildings, heavy construction, ore docks and things of that kind. This is loaded into any kind of a car. We prefer an open car for timbers if we can get it, but we have loaded box cars, and stock cars, and refrigerator cars and double deck stock cars. The car

supply has been pretty rank. We have not any car supply to speak of. But the railroads are all pretty heavy purchasers down through our section. They buy stringers which run in sizes from an 8 by 16 by 32 to 9 by 18. They buy an 8 by 10 for an average tie, 12 by 14 by 14 for caps. That is the principal purchase of the railroad companies in our country.

Aside from the 65 per cent. of the output that goes into the affected territory, by this rate, our output is sold locally. By locally I mean that it is sold in that country on a shorter rate, somewhere in there between Spokane and the coast. It has to go into that country between Spokane and the coast, and then there is a little of it that is sold to the local factories. A lot of it is piled up in the yard. The only market we have for this yard stock is eastern Washington and Dakota. They will not absorb the side lumber in this territory affected by the rate. Our manufacture is strictly a specialty. We do not manufacture as they do in the east. Take the white pine people. They buy their logs and saw them into stock sizes, and that is taken into the yard and piled up. It is regular standard stock. That sells all the year around—that is, when there is any demand for it. Our business all comes to us on orders for special things, ours is all the sale of specialties. Now, in cutting railroad material we can only cut those sizes. The consequence is we have a lot of side lumber left over, a lot of lumber we call side stocks. That 2 by 4 and 2 by 8, and stuff of that kind, and that is left standing in the yard, or we ship it east into that limited territory.

The sap is very light on fir. Our sap amounts to but very little. Of course the clear comes from the outside of the log. We made the sap boards, or outside boards, into flooring and things of that kind. That is the valuable part of the lumber. When we cut up these large railroad orders for large timber, we got the parts that are good to put into kiln dried stock. We manufacture it into kiln dried stock. The 48 per cent. of our shipments, weighing 3,300 pounds to the thousand, would represent the parts that we ship green or rough, and the balance would represent what was dressed or kiln dried.

There have been orders for lumber cancelled all through the district. When the order is cancelled it is taken back into the mill and sawed up at a loss, because it is not standard stock. We have to do the best we can with it. Sometimes you will have some small sizes, you have to work them down

to a standard size. You have to cut down to the next lowest size. No timbers go out through the Billings gateway at all. They go out by the Transfer, to Duluth, and they go to Chicago and down the lakes to Cleveland. There is a lot of timber shipped from that country in long lengths to Cleveland and Chicago. They are for special buildings. The rate to Chicago is the same as the rate to Omaha, 50 cents. That is, it was prior to this rate that went into effect November 1st. We cannot move our yard stock into Omaha on a 50 cent rate. We cannot compete in that territory. At Omaha and Missouri river points they demand yard stock and dimension, building material, 2 by 4s, 2 by 6s and 2 by 8s. We sell in Denver. We go down into a small territory in Denver. We can get into only a small territory there, but we do get into that territory by the Burlington railroad. We get into Denver proper, a little strip on the east side, and we get a 40 cent rate to the west side of the state. We can sell in a territory where we have the 40 cent rate. We ship through the Silver Bow way, but it generally goes by Billings. We find the route by Billings a satisfactory route when they are moving traffic. We cannot get into Salt Lake City. Our rate there is 45 cents. That 5 cents shuts us out. If we get in through the Portland gateway at 45 cents that would help our section that much. It would make a point to slough into. I think we would sell some but it would be a sort of an overplus market.

The Northern Pacific very often say to us, "You cannot load cars off the N. P. rails." They maintain a balance between the roads there some way. I do not know how they do it, but they maintain a balance, and when the Burlington gets too many N. P. cars down there they stop shipping them. Some months we can ship an N. P. car on the Burlington rails and some months we cannot.

The car conditions have not been satisfactory for the past 2 years because we cannot get the cars. They issue embargoes restricting the movement of cars from off the Burlington rails to the Northern Pacific. They issue such orders spasmodically, but not continually. They will say at certain times, "You cannot load an N. P. car off the N. P. rails." Then in two weeks probably, or whenever they get this car business adjusted they will say, "You can load on the Burlington rails, but not off the Burlington rails." The N. P. cars would not run off the N. P. rails all the year.

The local sales in that territory in the southwest do not

amount to anything. Our local business would not amount to $300 a year. I mean the team sales. The slab wood and refuse is burned. There is no way of disposing of that profitably.

These different mills on these lines have little communities built up around them. There is not much of a community at our plant because we are between two little towns, Frances on one side and another little town on the other. Generally on this South Bend line the country is building up with little communities. They are dependent upon the lumbering industry. They have no other industries to support them when these mills are closed down. It is a rough country, and they have no other lines of support. When the lumber is taken off the soil is good in our valley, but the bottoms where the land is fertile are very narrow. It is hill land in there. It would make good fruit land or grazing land and on the bottoms the soil is rich. Taking the whole country covered by my testimony, that is its general character, adaptable for farming, but more for stock raising. Fruit can be raised but it is not a farming country in the sense that the valley is. The country is very hilly. It is very much cut up.

Since I have been operating there they increased the minimum, equivalent to a raise in rate to us, because it puts us at a disadvantage with our competitors. The minimums on the eastern roads are favorable to them, and we come into competition with a man who has a light minimum, and we having a heavy one, cannot sell in competition with him. We have to say to our men, "You have to take that car loaded absolutely with so much lumber." Say that I have sold a man 20,000 feet and the car comes in and I have to put 30,000 feet into it. I have simply got to force that onto my customer and it is pretty hard to keep trade under any circumstances, and when you come to a position of that kind you are right up against it. That is all, you cannot sell. If you have something that he has to have, then you can sell it, but not very well otherwise.

They are continually changing the rules in regard to loading. They follow the Master Car Builders' rules in loading. The rule provides a 4 by 5 car take, and you have to cut that down until you have about a 3½ by 2½. You might as well use a 2½ by 3½ in the first place, because your strength is no more than the weakest point. And now they are putting on longitudinal braces on the outside, and the Northern Pacific has added a burden of 118 feet in board measure, and the cost

altogether, figuring the value of it at $10 and the weight of it at 33, on a 50 cent rate, amounts to about three dollars and something, which is a great additional burden.

What they are trying to do is to make us stake a car in a 3 by 4 stake pocket that will hold the force of one of those heavy engines, and when the engineer gets mad and throws her over we cannot do it, it sweeps the whole thing off.

These stakes are made of fir, a good strong stake. It can be common, not necessarily free from knots. It has to be free from pitch seams, good strong common lumber. We got a 500 pound allowance on weight for that. We get no pay for the lumber. It follows the car. It is lost to us. After our lumber leaves the Northern Pacific at the Minnesota Transfer, going into Chicago, it is routed over various roads. There are several roads that run there, the Wisconsin Central, the Milwaukee, the Chicago & Northwestern, the Burlington, the Chicago Great Western. The rate from the Transfer to Chicago is 10 cents a hundred flat on everything. That includes cedar and double loads and fir and everything. Our rate to the Transfer before the rate was raised was 40 cents on fir lumber. It was 50 cents on cedar lumber and shingles and 50 cents on double loads. From the Transfer our rate has been 10 cents per 100 and is to-day I understand. The distance from Chicago to the Transfer is 425 to 475 miles, I think.

This business has been solicited from me constantly. They are right there asking for it, all the roads. They say they want the traffic. I told some of them when I heard about this rate that they should not spend their time coming down there for an unprofitable traffic, and they said it looked good to them,—the Wisconsin Central, the Milwaukee and the Northwestern. They all maintain offices out there at Portland, Tacoma and Seattle, and have been soliciting business ever since I have been in the business. They make no discriminations except on the items I have mentioned.

There has been a steady increase in the cost of stumpage during the past ten years. The estimates were more liberal in the early days than now. The seller is gradually increasing his estimates, making them higher. We figure our base price of lumber on a timber list. It starts in with about a 6 by 12 to a 12 by 12. There is where we base all our figures, and I guess about now, I think before I left home I heard of an order given at $7.50, there was an order taken at that price. We base our timber price on a 12 by 12—everything below 32 feet sells at one price; then when you get into the longer

lengths you begin to increase your price. You do the same thing on your small sizes. Twelve inches, you know, sells at a base price, and then when it gets up 16 by 16 and 18 by 18 you increase your price continually and we base our figures on that one base price. And they sold as low as that, although there were orders at the time. I can just about give you the run of prices in my mind, I think, since 1901 or 1902. I will read them to you. I have that down here some place; I jotted them down this morning. In 1901 the base price here was from $6.75 to $8. In 1902 it was about $9. In 1903 it was about $9.50. That was fluctuating. In 1904 it dropped back to about $7.50. In 1905 it was $7.50 to $9. In 1906 it jumped to $12 and in 1907 it was $14. Now, it is practically back to $7.50. By "practically back to $7.50," I mean it may be sold at that. I have sold no lumber myself at that figure, but Mr. Dody, a member of the Lumber Manufacturers' Association, has. In our mills we own the stumpage, the majority of the stumpage is not owned by the mill men. The mill men generally own their own stumpage. Taking the whole section, most of the stumpage is owned by outsiders, who bought it up on speculation. They bought the land by the acre. I could not figure what it cost them, the stumpage, but it was very low. I think it was $6 that they paid in the deal, that took that land in there. The increase in the price of lumber has very largely gone to those men who own the stumpage. The man who has gotten the money is the man who had the land and when the mill owned its stumpage the mill has gotten that increase. The Weyerhaeuser Timber Company owns the most of the stumpage in that country. The report is that they bought a million acres for six million dollars. To-day their price to the mill men is anywhere from $2.50 to $3 a thousand. There are sections here that will run 50,000,000 feet. $75,000 is the highest price I know of being received for a single section. That was sold about two years ago, but I cannot tell exactly as to the date.

It is true that Mr. Weyerhaeuser is a director of the Great Northern Railroad Company. The Weyerhaeuser Timber Company controls the market of stumpage in that country within the land grant of the Northern Pacific, west of the Cascade Mountains. The original grant was 40 miles on each side, and the new grant was about 20. Mill men in that section of the country can only buy stumpage as they operate. I buy my timber on a contract to remove it within a certain period of time. I do not get the land, I just get the stump-

age. I cannot get the land. I have to remove it within a certain time.

The Puget Mill Company are supposed to be heavy holders of stumpage, but I don't know just where their stumpage lies.

At the present time there is no market. We are closed down. The rumor of this rate going into effect was heard all summer. First they said it would go into effect the first of October, and then they held off and we thought maybe they were going to use a little better judgment. The first of November it was put into effect. It checked trade at once. Before leaving there I had occasion to find out the actual condition of the mills in our section and in our Association. 90 per cent. of the mills in our section were closed down about the time I left there. Our business stopped before the panic. The mills have been closed since November 1st. Some of them closed before that, but most of them closed just since November 1st.

We cut these large timbers on special orders. We do not cut the timber until we get the orders. We generally take all the orders we can get when the market is going up. The orders have not been coming into our section to amount to much since last April, and the orders stopped about June. The lumber we pile up is the lumber necessarily make in cutting these special orders. We have to pile it up, but we do not run our mill unless we have an order for the big stuff, which pays us, and we have to have orders enough to run the mill or we cannot run. We have not been receiving these orders since the last of April. I suppose there are about seventy-five million to one hundred million feet of this yard stock piled up, in our section, to-day. There has been some cancellation of our own direct orders. I have heard of a great many cancellations of orders indirectly. Mine were Northern Pacific orders. They buy their ties for so much and then set a definite time to finish the contract, and they have always let it run over before this, but this time they did not let it run over, and so it was practically, although not really a cancellation. As to the orders on timbers, I was not cutting timbers this last year, but there have been a great many orders of that kind cancelled throughout that country. It is the common impression in that section of the country that such orders were generally cancelled by the railroads at the time this slump took place, about the time it was certain that this rate was going to be put into effect. The effect of this on the country down

there has been to paralyze it. The dropping off of orders was continued all summer. It was getting slower all the time that this agitation was going on. Personally, I did not get any cancellations of orders. It was a rumor that we all heard that these orders were being cancelled. Our orders were getting slower all the time after April. It was just gradually getting down. I have heard of this advance in rate for several years; it has been talked about and talked about. There has been a rumor all the time. It has been a general rumor in our country since the spring, published everywhere and talked about. It was discussed in the Association meetings, and from that time the orders began to slump off in this section of the country. The whole community is probably dependent upon that industry. It is my opinion that this increase in rates cannot be absorbed by the mills. It wipes out our profit. Our margin of profit is not high enough. With us the increase amounts to 2,867 pounds. That is from the figures I have given here. That is the average; 10 cents advance means 286.7 cents per thousand. Our profit there only shows $2.84. That is the profit on our shipments. The balance of it that is in the yards standing there, I don't know what we will get out of that. If this rate keeps up, we will lose on it, that is all. The consumer cannot be made to stand this increase. We are fighting continually for our market. Our market goes back and forward, just as yellow pine goes up or down. Yellow pine and the manufacturers of yellow pine dominate the market, as they have the biggest output. Yellow pine, white pine and hemlock is in direct competition. Their output runs something like nineteen billion, I think, while our output is about six billion in the two states there, and a large portion of that goes out cargo. So we do not get enough to have any say in the market. We have simply got to get our price up and down as yellow pine moves up and down.

The people in our territory, as well as on the Pacific Coast, have been fighting for a 40 cent rate to Missouri river points for several years. It has been common talk among the railroad men that we would get a 50 cent rate to the Transfer before we got a 40 cent rate to Missouri river points. I have heard that remark a number of times in ordinary conversation.

Cross-Examination.

I could not give you the date as to when it was first rumored that there was to be an increase in rates. The orders have

fallen off commencing in April. I and the other members of the Association were situated about the same way. The material which we ship to Chicago is largely timber from our section, tank stock, and specialities of that kind. A timber 32 feet long, 8 by 8, was running about twelve dollars, I should say, last year. An 8 by 8, 32 feet long, could not be shipped into Chicago. We would not ship much timber into Chicago that we sold at the base price. The timber would be 16 by 16, and things of that kind, for posts and heavy construction. With those large timbers our competition is principally with steel and concrete. There is no other timber that can compete.

I think this increase in rates prevented the sale or giving of orders in April for this long stuff going into Chicago, because it created uncertainty; no one knew where he was. I would not have taken an order two months ago if I could have gotten it; I would not have made a contract on account of the suspense and uncertainty. I do not suppose that in April it would have affected the orders at all.

It is admitted that "The American Lumberman" for March, 1907, contains an article headed "Rumored Advance in Lumber Rate. Interesting, if True," and that it refers to the rates under discussion. Before we knew these rates were going into effect, our orders for material to Chicago fell off, but not before the rumor that they were going into effect.

These rates, so far as the ability of long timbers to stand competition against other timbers in Chicago is concerned, would have absolutely no effect against steel and concrete, which are very heavy competitors of long timbers. It is very hard for us to move long timbers with that penalty you put on of 10 cents a hundred now. You penalize long timbers 10 cents a hundred. That amounts $3.33 in the advanced price. They are building concrete buildings in Seattle now and in Portland.

We have shipped long timber as far as Jacksonville, Florida, some to New York. I have never shipped any personally to Philadelphia or Pennsylvania. They go there, though. The long timber market is limited, simply specialities. The larger percentage goes to Chicago, than gets east of Chicago, because the farther east you go the harder to get orders. There is a great deal that goes to Pittsburg. There is no call for them in Omaha. There are a few timbers shipped probably, but it does not mean any amount of freight in that line. I should say 40 per cent. of our shipments weigh 3,300 pounds.

Short timber and railroad material of every kind will weigh 3,300 pounds. Not necessarily all long timber. We shipped a lot of the shorter stuff to Ashland, we shipped it to Duluth, for the ore dock building; we shipped down into Michigan for ore dock building there; and to Chicago for the construction of buildings, for ship building and dock building and things of that kind, and on through to Pittsburg for barge building. The short timber is moved readily on 50 cent rate, yes, sir. There is no other timber that competes with these large sizes; with the small sizes there is Norway, and hemlock and yellow pine that compete. We have been able to ship this short timber into Michigan against the competition of white pine at a 50 cent rate at periods, that is, when they let us. I mean, when their price is high enough so that we can come into competition, but whenever the price comes down that pushes us back. In the last couple of years we had all the business in that country that we could handle, but we could not get out much because we did not have the cars; but if we had had the car service the shipments would have been very much heavier. We have had innumerable orders in the last two years, all kinds of orders for all kinds of timber, from the east, in the last two years. The car shortage has kept the prices up to a premium. Last year I could get the absolute list, which is something that a man hardly ever expects to get, and not only that, but we got over $2 premium on top of that; we could have gotten that if we could have laid the stuff down at Duluth on a certain day. The premium on the price of lumber has surely had an effect on the price of stumpage. If lumber was selling at the price at which it was selling several years ago stumpage would not be worth more than $1.50. I would judge that to be the case; I don't know; conditions in our section are very hard. It is hard to tell. I know one concern owns our stumpage. They are able to hold it; but if it was diversified and sold by individuals just the same as stumpage has been held in other districts, then it would affect stumpage, but in this case I do not believe it would affect stumpage for I don't believe you or I could buy from the Weyerhaeuser Timber Company for one cent less to-day than we could three months ago. I know if I was in their position I would not sell.

I think the stumpage industry is going to be exceedingly prosperous. I do not know whether the lumber industry will be prosperous, that is, from the manufacturers' point of view. If I am able to get a rate that I can ship on, I believe

I can do pretty well. I think sometime or other that lumber is bound to be valuable, and the man who is able to hold it is going to get his money out of it, even though I, as a manufacturer may fail in the meantime.

The purchase from the Northern Pacific by the Weyerhaeuser Company was of the odd sections only. The Northern Pacific only owned the odd sections. Where I am at the present time, I bought my timber in July, 1902 at $1.50. I bought sixteen million feet. I bought that by stumpage, and paid $24,000 for it. It is sold altogether under a conditional contract. You pay for it as you cut it off, providing you cut it off as fast as these notes that are secured by the conditional contract mature. Otherwise, if you do not cut it off as fast as that, you have got to pay the note when it is due. The total price and the quantity for the purposes of the purchase were fixed when I bought it. I think I have cut about eight million feet off of that tract. I cannot say whether the eight million feet has overrun any. The timber bought in 1898 would overrun. Timber bought to-day, on the 20 per cent. better than common estimate, I don't think will overrun. My investment in 1902 was thirty thousand dollars in cash. That was our corporate capital. I have shipped pretty nearly twenty-five million feet since 1902. I am a heavy shipper. Our mill cost us about thirty thousand dollars.

To shorten this thing, I will tell you what I will do with you, Mr. Korr. I will make this statement that we can show by our books that since the day we went in there we have cleared on the amount of lumber shipped and cut and piled in the yard, taking it all together, we have cleared $3.28 a thousand. Now, that is from all sources. That is from any timber deals, any lumber bought outside, from our store and everything of that kind. These figures as I have stated on my direct examination only apply to the material that we have loaded on cars and shipped and actually know what we did it on. That is all we can tell.

Now, we have there two million or two million and a half feet piled up in the yard. It is impossible for me to tell you what we are going to make on that. I may lose the whole thing. Then I have not even made the figures I have given the Commission. I worked for the Northern Pacific from 1894 to 1898 as foreman of their bridge department. I had been a lumberman before 1894 down in that country. We get all kinds of territory near the Portland gateway. If the Portland gateway was opened, you put competition in our territory.

Part of the time we make a specialty of the manufacture of telegraph cross arms. We engaged in that when I was with the McCormick Lumber Company and when I was with the Rock Creek Lumber Company. That was prior to 1902. We have made very few since, only in the rough since. The McCormick Lumber Company worked up quite a trade in that. They started to make cross arms in 1894, I think. I think McCormick told me he put $2,500 into the investment. I think $500,000 was the stipulated price that he was to sell out for the other day, but as near as I can find out, the people did not come through.

If the Portland gateway were opened it would enable us to get down through there. It is the territory tributary to the Union Pacific which I had in mind, west of the territory that I already reached. By sloughing my lumber into that territory I can sell into that country this common stuff for which I have no demand at the present time. There is a certain amount that would go down there, or could go there. There is always a point in your trade where you have got a territory that you push your surplus into. You have got to have that. My surplus is this common stuff of which we have seventy-five million feet, practically the side lumber. This surplus is this common stuff of which the mills in our Association now have seventy-five million feet stacked up alongside of their mills.

We do not do much in Montana. Dakota is our best market for that kind of stock. We have a limited territory in there now in which we can slough this stuff off as best we can. The main object, as I understand, of opening the Portland gateway was that we could make the railroad companies equalize the rates, and go to the Missouri river for 40 cents, the same as we went to St. Paul for 40 cents, which would give the fir men a chance to compete with the yellow pine men. The yellow pine roads protect their shippers, and we simply wanted the railroad people to protect us, and also this ability to slough our rough lumber.

If a quarter section of land were estimated at eight million feet 40 per cent. clear, if you had logged only eight million feet, if you had cut on the estimate and taken the best of that timber out of there, that timber would have cut in the mill 40 per cent. better than common. We would take off that quarter section enough so that we would get eight million out of which there would be three million, two hundred thousand feet clear. If I took only eight million feet off, if I held

the cut down to the estimate of eight million feet, if it was estimated at eight million feet, 40 per cent. of which was better than common, that would give only about three logs to the tree, and that would all be in the lower part of the tree where the clear lumber comes in, and then you would get 40 per cent. better than common. If you took all the lumber off the land you would get maybe twelve million feet, and cut the relative percentage of clear down to 20 per cent. or something like that. The last few years we have not left much lumber on the quarter sections as we cleared them off, but we used to leave quite a good deal. Taking a quarter section which he had estimated would cut eight million feet of lumber, of which 40 per cent. would have been clear stuff, we would cut out all small trees, all hemlock, all that stuff, and hold it right to that, and would cut eight million feet of lumber, 40 per cent. of which would be clear, and would pay for the eight million feet only, and would pay for that a given price per thousand, where we buy it on the estimate.

In 1902 we paid $1.50 per thousand, but not on that kind of an estimate. When we bought at a later date we paid a higher price, we included all timber on the same quarter section which would have cut 20 per cent. clear, and as a result the same quarter section would have increased in stumpage, possibly from eight million feet to twelve million on the same quarter section, and we would have to pay for all the timber at the increased price. That means that as the price of stumpage increases the estimates always come up. The stumpage not only doubles in money, that is in the price per thousand, but it doubles in amount. It was in 1902 I paid $1.50 a thousand. I purchased all the timber on the section, whether included in my estimate or not. We cut practically all the clear out of it.

Along the west line of the southwest quarter of section 35, that was very rotten in there, and I think I would be safe in saying that 25 per cent. of it is lying there yet. I would not allow any but the saplings to stand. The saplings are little stuff, eight, ten and twelve inches. These eight to twelve inch saplings are still standing in the forest and are surrounded by all this dead stuff, and tops and butts and everything of that kind.

Periodically we have tremendous fires extending over the entire northwest, and the saplings are all destroyed and rendered unmarketable. It is not practicable to make a second

cut in that country. There is not margin enough in the business, and nobody cuts them in that country.

R. L. McCormick, I believe, represents Mr. Weyerhaeuser in our country. I do not mean to say that the Weyerhaeuser Timber Company have ever held me up. They simply charged the average market price, and we were just paying the going price of stumpage. I think the market price of logs down at South Bend and Wilapa Harbor, in our section of the country, logs are lower than in almost any other section of the Puget Sound country. Wilapa Harbor as a matter of fact has been the lowest log market for a number of years in the entire northwest; there were no mills there to make a demand. There are now. I have understood that the Weyerhaeusers have sold stumpage down there for $2.50 or $3 a thousand, just about the same price we have been paying.

In purchasing our timber we buy it on estimates, on the estimate that it will cut so many thousand feet. The log rules are based on inch board measurement. Our total cut since 1902 has been possibly twenty-seven or twenty-eight million. That is, our mills. The double loads for these long timbers take a rate of 10 cents a hundred higher than the single load on the Northern Pacific Railroad in this territory affected by this rate. Since the Weyerhaeuser Timber Company bought the odd sections they have bought up a great many of the even sections from the settlers. The Continental Timber Company, an auxiliary corporation of the Chicago, Milwaukee & St. Paul Railroad Company has been a heavy purchaser of timber in that country for two or three years, and are today heavy holders of stumpage. The McCormick Lumber Company commenced business, I think, in the fall of 1894. They commenced constructing their mills January 1, 1898. The company was organized probably in 1897 in the latter part. There was a deal pending for the company to sell out but when this rate went into effect it was all called off.

The waste occasioned by fire would be increased by this increase in rates, because you have to go back to a point in your stumpage where you get a greater percentage of clear, and you have to leave more of the lower grades of timber in the woods.

GEORGE H. EMERSON (Record, page 659), testified as follows:

My residence is Hoquiam, Washington, situated on Gray's Harbor, it opens to the sea about half way down the coast, in a general southwest direction from Tacoma, 96 miles. We built on Gray's Harbor in 1882. The Northwestern Lumber Company built its mill on Gray's Harbor at that time and had to ship the lumber in there to build its mills. To-day there are twenty-seven lumber and shingle mills on Gray's Harbor, having an aggregate of about two and a half million feet of logs manufactured into timber and shingles every ten hours. In the year 1898 we extended the Northern Pacific Railroad through the City of Aberdeen and the City of Hoquiam, a distance of about six miles, to our plant, giving to that road the right of way and depot grounds in those two cities, and furnishing the money to construct its roadbed. At that time we prepared for the eastern trade, eastern shipment. We built a planing mill, dry kilns, storage shed, a shingle mill and a box factory and some other things, to the extent of an investment of about $250,000, together with stock that we had to carry for the express purpose of the eastern business; and the following year, 1899, we shipped some fifteen million feet over the Northern Pacific, or 869 carloads, averaging 16,458 feet to the car; also 291 carloads of shingles, averaging 156,000 to the car.

This business increased until in 1902 our shipments were twenty-three million feet. From that time on they have rapidly decreased until in 1906 they were twelve million, and in 1907 they were 5,658,000. In the meantime our shingle shipments have increased to 341 cars and dropped down in 1906 to 100 cars, and in 1907 to 62 cars. The class of material that we ship to the east is largely spruce. The demand for that had been uniform, a demand for all we could furnish, continuously through all those years. That demand has not been affected by the San Francisco boom of 1906. At least not to any extent; it sympathized a little in the price of logs but not much. Of course, we have been affected by the additional cost of labor, the increase in the price of labor, but the demand has been constant and prices corresponding closely to the past during that period of time. At the present time the price of spruce logs is as high as it has been at any time during the boom. The difference in our shipments between the

large figures and the small figures has been exclusively on account of car shortage. The car shortage has been something fearful, and it has probably cost us, according to our estimate, hundreds of thousands of dollars in loss of the eastern trade.

Inasmuch as the grade of lumber that we can manufacture from our logs for the eastern trade and the grade of lumber we can manufacture from the same lumber for the coastwise trade is a very different material; when we saw it for the eastern trade we saw it for clears and then for shop trade and then for box trade, while for the coastwise trade we have no demand for the shop grade, and we have to make the shop grade into a box grade which brings a great deal less money.

In the shingle business, to illustrate the great difference in the two markets, we received one morning a few months ago, two wires, one from the east and one from the south, each of them calling for three million shingles. One of them offered a dollar a thousand more than the other, or very close to that, for those shingles. We accepted the lower price. In other words, we took the loss of $3,000 that morning on that order for shingles because of our ability to ship to the one market, and our inability to ship to the other.

That was about four months ago when shingles were at their highest price; the highest price was offered in the eastern market. By the southern market, I mean California. One was a California offer and the other a Kansas City offer. I have been interested in the lumber business from 1866. I first went to Washington in 1882. The Northwestern Company was then formed. It was formed a short time after that, and we built our first mill in 1882 on tide water. Our first rail connection was in 1898. We had no rail connection previous to that time. Our product all went coastwise or foreign.

We manufacture very largely spruce lumber and shingles, spruce lumber for the eastern trade. In 1898 we practically built the connection with the Northern Pacific Railroad. We have been continuously engaged in the lumber business since then.

My official position is vice-president of the Northwestern Lumber Company. In 1899 our average shipment per car was sixteen thousand and some odd feet. In 1907 it has been 27,800 feet, an increase of 67 per cent. in the capacity of the cars, and in shingles it was 44 per cent. in capacity of cars. In the year 1907 our total sales of lumber and shingles by rail amounted to $154,000. Our imports of merchandise during the same period of ten months, over this same system, the

Northern Pacific Railroad Company, and mostly from the east, amounted to about $500,000. We unloaded more cars during that period of time than we loaded. I mention this by way of stating that the dropping off of the western trade, the westbound trade, will be very largely in proportion to the reduction of the eastbound trade. With us we have countermanded all orders for merchandise in the east, we have discharged the greater portion of our clerks, and that line of import will cease with our inability to export over the lines of the Northern Pacific Company.

At the present time, of the twenty-seven mills, shingle and lumber, on Gray's Harbor, I think there are only two—there may be three—operating. Those two or three are operating in a very small way. In our case we reduced the price of labor 50 cents a day. Then we reduced the number of hours from ten hours to eight hours. Then we reduced the number of days from six to five per week. There was no sale for our material. We are continuing this operation for the reason that we want to keep together a well trained crew, employes who have been with us for years, whom we cannot afford to dispense with, and whom we cannot afford to see go hungry, and we are piling up material in the hope that there may be a turn of the tide that will allow it to go in some direction.

The cause of the shutting down was two sources. The year 1906 had been strictly a boom year in the lumber business of the Pacific Coast. It came about because of the San Francisco disaster. And later the Valparaiso disaster, which made a very extraneous demand for lumber. That demand was first for shelter, and the question was not as to grade, nor as to price, nor as to the dimension even. It was simply "Send us lumber," and almost any price was acceptable. That temporary demand was supplied by the latter portion of 1906, and the new yards that sprung up were well stocked in 1907, and a little later the labor troubles in San Francisco stopped all building, and all coastwise demand came to an end, and with it, of course, lumber slumped. Then the eastern agitation of an increased freight rate shut off all eastern orders, none came to us. So that the two causes combined have brought about the present conditions. With mills that are shipping coastwise and foreign, as well as eastern, the two causes act together. In the mills that are exclusively rail mills it is for them to say what those causes are.

There are twenty-seven lumber and shingle mills at Gray's Harbor. They manufacture two and a half million feet of

logs into lumber and shingles every day. I should say about four day's labor is required to produce a thousand feet of lumber from the stumps. That would mean that there are ten thousand people on Gray's Harbor employed directly in the woods and the mills. I should say that each one of those should represent a family. Probably you could safely put it at 25,000 people or more as being dependent upon this industry. Starvation stares them in the face if the lumber mills are indefinitely shut down. The greater proportion of the shingle men are improvident. They have seen very high wages. That results with a certain class of men, in their spending it very quickly; so you take an average shingle worker on the Pacific Coast, and I do not think he has got $25 ahead and probably a good deal less. There is no other industry that can employ any of those people. Our company operates subsidiary companies. We have the towing business on the harbor, and also merchandising business. We get our supplies for our merchandise business and our manufacturing business very largely from the east, shipped in by rail. About 65 per cent. of all the mills on the Pacific Coast are not timber owners. In the Gray's Harbor country until within the last year or so all the mills have been entirely dependent upon the purchase of their logs in the open market. The price of logs should be entirely segregated from the price of stumpage. A man or a mill who has been fortunate enough to invest some of his or its money in timber has made a good return; that is all that can be said of it. Twenty-five years ago I went into Gray's Harbor and at that time I invested in timber land at $1.25 per acre purchased direct from the Government. Instead of that I could have put my money into town lots in the City of Seattle, Washington, at $100 apiece. Those town lots have since grown to be worth $100,000 apiece, or an increase of 1000 per cent., and the best possible increase in the timber lands would be less than 100 per cent. It would have been ten times better for me to have invested in town lots than to have invested in timber land. It seems to me that all mill men have the privilege of buying timber land if they see fit, although most all of our timber is not owned by the mills. In that connection it might be said that the Northern Pacific Railroad Company is the largest owner of timber land on the western coast. Had they retained their lands and sold them during the boom year that has just passed, they would have had money enough to have doubled tracked their railroad to the Coast and would have been able to haul their products at so much less cost that they

would not have found it necessary to make the increase in the freight rate.

I think there is no man that can give a just estimate of values. If there be any method by which the value of a grown tree can be calculated, it is by the cost of growing another one. Any method by which the timber crop can be valued would be the cost of reproducing it. Your probably could not reproduce the timber crop of the west for twenty dollars a thousand. Now no man will sell stumpage unless he thinks he can buy some adjoining stumpage at a profit. But where there is no adjoining stumpage to be bought there is no man who will sell his stumpage at the present price. Take some sections of the country; the opportunity to replace stumpage has already gone by. The man who owns a certain amount of stumpage can own that much and never own any more in that location. He will naturally keep his timber until such time as it will yield him some such return as he thinks it is really worth.

When we went there we could buy the timber for $1.25 an acre. I think it is worth several times that now, it is worth a hundred times what it was worth. In the same connection, a town lot in the City of Seattle has increased a thousand times in value if bought at the same time. The Northwestern Lumber Company owns timber lands. They hold about 25,000 acres, but we have never been cutting from our land until such time as logs reach the price of $10 a thousand, then we put in a camp. We have always bought in the open market until the logs reached something like a price at which we could replace the stumpage in that immediate vicinity. We did not consider that timber had reached a price that justified our cutting our own logs. That is also true of many other large timber owners that are also mill owners in the State of Washington. One of the largest timber owners I know never cut any timber from his own lands up to the present time, and he is one of the large mill owners also.

In the case of the small manufacturers, they are most all of them more or less in debt. Either they have not paid for their plants or they have borrowed money to build their mills, or they may have bought timber lands and become obligated for those. In case of the larger owners they are amply able to hold their timber until such time as another railroad reaches the coast, or the Government settles the question of ownership or control of the railroads, or the Panama Canal is completed; either one of which is within striking distance, perhaps. In

case of the latter thing happening, we can have our own transportation to market and be independent of the railroads. It would seem to me that the greater portion of the benefits of our timber haul that the railroads would receive, must be obtained prior to the opening of the Panama Canal.

By the Panama Canal we could reach the entire eastern coast market of the United States, from which it is only a short distance to the interior. I think that as the effect of this increase of rates a great many of the small manufacturers will go to the wall if this suspension lasts a few months, and enable the larger holders to accumulate these lands and hold them.

The matter of the forest waste involved in getting out the grade of lumber that we manufacture is a matter that I have given considerable attention to in years gone by. I can perhaps reach it by reading some things that I have written on that subject, most of them having been written a good many years ago.

"The waste of our forests is not in proportion to the price of lumber in the market, but increases much faster than the price falls. In 1896 the price of logs had fallen from $5.00 to $4.00 per thousand feet. At that time my memoranda shows the following comment on the waste in the woods:

" 'The first six or eight feet is left to the stump, the next forty to eighty feet is taken as logs, the rest of the tree often eighty to one hundred feet is left in the woods because of no market for that grade of logs.

" 'Two years ago this would have been hauled and would make timber of full strength and durability. The small amount taken is less than 50 per cent. of the fir and spruce, while all cedar and hemlock all rough or conky trees are left for want of a market. The waste of our forests is over 60 per cent. and the amount of material left is the cause of many conflagrations.

" 'The stumpage on this 40 per cent. is about 75 cents per thousand feet, and that is again reduced by mill scale, where 10 per cent. of the logs are regarded as unfit for their requirement.'

In November, 1902, I again wrote:

'The preservation of our forests is important. We should save them from fire, also from wanton destruction by our lumber men. Which of these two evils is the greater admits of argument; the lumberman leaves in the woods all hemlock, which in the Gray's Harbor country can be safely estimated at

20 per cent. of the total timber crop; all tops—these are forty to one hundred feet in length and we estimate them at 15 per cent. of the crop; four to eight feet of the butts of all trees are left in the stumps—this together with an occasional conky or rough tree will make another ten per cent.; add to this the long butts left on account of pitch rings or ground rot and sometimes a broken cut or a cut left for other imperfections, we have wasted still another five per cent.; then there are left all shattered cedar and the cedar tops and many a cut in spruce long enough for veneer or staves.

'As enumerated 50 per cent. of the timber products of our forests are wasted by the lumbermen of today. If then we waste half the crop, have we not ourselves wasted our forests faster than have the fires?

'If our railroad companies would equip their roads to do the business that offers and gives us a 40 cent rate to Missouri River points on hemlock shooks, all hemlock trees now standing would have a good market.

'Our old choppings are hunting grounds, pastures, berry fields, opportunities for clearing, etc., and each one of these causes drops a match, or empties a pipe in tinder. This smoulders through June, July, August and September, until conditions are exactly right, the air void of moisture, and wind hot and strong. Then each of these many smouldering, smoking smudges, leaps into flames.

"Experience shows green timber does not burn except from extreme heat, a heat that withers and dries the tops. This must come from extensive choppings, or slashings, or from dead timber areas.' "

"Then, in January, 1905, I appeared before the American Forest Congress here in the City of Washington, and on that occasion, among other things, I took up the waste in our forests, and, after having stated the wastes of the past, during the methods of logging that were then in vogue by the use of bull teams and so forth, I say:

"Times have changed somewhat. Steam skidders for yarding and steam road engines for hauling, have replaced the bull team. The railroad is fast replacing the river.

"Cedar has become the most valuable of our woods, and hemlock is found to be our most beautiful interior finish. Standing timber has a greater value and is cut closer, but enormous tops and most of the hemlock are still left in the woods. Logs with no clear cannot be handled at present price of lumber without loss. The per cent. of the crop now saved is increased,

but 40 per cent. is still wasted, nor is it the worst. Those choppings, with their continuous piles of tinder, are ready to flash into flame from the spark of a match, and when conditions are ripe they burn with a heat so intense it reaches to adjoining green trees, and they, burning like torches, create a whirlwind that, with the roar of an avalanche, twists the tops from the trunks." * * *

"Were we a little nearer the great markets of the United States, or were our freight rates less, or were the demand a little larger, these tops and hemlock could be handled, and the greatest difficulty in perpetuating our forests thus removed. * * *

"The close harvesting of our timber crop would greatly reduce the amount of material left on the ground and correspondingly reduce our forest fires. All hemlock left standing dies, all other trees left standing are killed by the fires that follow the cutting of our timber.

"The standing timber of Washington is a guaranty to our railroads of future eastern freight. Every average tree stands sponsor for over sixty dollars on a 40 cent rate. When the railroads raise their freight, they both reduce the price and raise the grade of our timber shipments, and correspondingly increase the waste of their heritage and the heritage of our children. Were they to give us ample cars and a forty cent rate to the Missouri, our hemlock, now waste, would compete for the box market of the middle west, and fire risk to standing timber would be largely reduced and the product of each acre of our timber land largely increased.

"We are safe to say that this small concession of a forty cent rate would yield to the railroads hundreds of millions of dollars in gross earnings in excess of those they will receive from our timber at the old rate of freight and the advance they now have, if allowed to stand through the years, would destroy hundreds of millions of gross receipts that would come to them under freight rates as they have been for the past 14 years.

"The San Francisco boom condition lasted about one year. During this period of high priced logs and lumber, new conditions prevailed in our woods. Trees were cut lower down; all the trunks were taken for logs, and the best of the hemlock found ready sale at a less price. An acre of land yielded, therefore, as never before, and our estimates increased as well as our stumpage value. At present the stumpage man still holds his estimates and price, but the logger and the mill man have dropped their profits or gone out of business."

It is only the higher grades of lumber that are shipped east. As a result of the advance in the freight rate, we should have to advance our grades to meet competition in the same market and the forest waste would still further increase, and that would have a very great tendency to fire, the tendency to fire is somewhat proportionate to the amount of debris there is on the land. If there is a great amount of debris, then the fire becomes excessively hot, and if it does it reaches the tops of our green timber, and having once gotten to the tops of our green timber it will go through the forest like a hurricane, but as long as the fires are under it, simply creeping along the ground, they do not rea high timber, and do not run in green timber.

I do not think the lumber can move on the advanced rate. Our lumber meets a competitive price in every market. The two lumbers go together as the tide goes and comes, one is in the ascendency today and the other is in the ascendency tomorrow. Handicap either one of them and it disappears from that market. There is no place we sell any of our lumber that is not in active competition. The lumber we ship out goes mostly east of Chicago, and wherever it goes it is in competition with the lumber from the south and also with the pine of the middle west and the California pine.

The average profit on all lumber manufactured in our mills, from the year 1899 to 1907, has been $1.60 from the log to the shipment. I estimate that to be about $2.50 per thousand feet from the 500,000,000 feet of timber of the west. If we absorb the advance in rates it would more than wipe out all our profits.

All our logs are bought in the open market, and we add to that the cost of manufacture, the cost of insurance, which with us has been very little, as we have not carried very much; there is no interest charged against it, there is no depreciation charged against it. We have considered that the repairs and improvements which we put on our plant year by year have offset depreciations.

We are favorably situated for both rail and water transportation. If the price of lumber were lowered so we would have to take less for our lumber, and every other mill up there would have to take less for its lumber, I do not think the price of logs would be lowered, and for this reason; the logger is not the man that owns the timber, and neither is the mill the party that owns the timber. I say that in a general way. The statements I have seen are to the effect that 65 per cent. of the mills

own no timber. Now there is a very small proportion of the loggers that own much timber. The large areas of timber are in the hands of eastern capitalists, who know its value and will not reduce its stumpage price to meet any whim of the railroad, or whatever else it may be that wants something cheaper. They will hold to their price until such time as they can get it by way of shipment to the Panama Canal or otherwise.

Our profits were less in the years 1906 and '07 than they have been in any other years except one. There has been one year when we made an actual loss. There comes in the increased price of logs which has been excessive and a very great increase in the price of labor. Other conditions may enter into the matter and be factors in determining the question, such as carrying over a larger stock of lumber.

It would seem that the cry that the railroads have made that increased cost of labor and merchandise justified an increase in the cost of transportation had come to an end with the change in conditions. It would also seem that the laws that we have enacted, cutting off railroad passes and the fact that there have been increases in the minimums, and the fact that there have been inventions for the safety of their plants and equipment and many devices for the better management of their roads, all would tend to reduce the cost of transportation. The straightening of their road beds, the laying of heavier rails, and the reduction of their grades have also decreased the cost of transportation. The increased quantity of material they carry in each car; and the increased number of cars they take in their rtains, and the increased capacity of their locomotives have all reduced transportations costs; and when you add to that the fact that the western lumber men have stood ready through the years to load every car to its full capacity for east bound freight, it seems to me that the cost of transportation should have very materially decreased rather than increased during the years.

Spruce is used for a different purpose from fir. It is a wood free from pitch, free from odor and is used to work into doors and sash, and also into boxes. It grows the same size as fir. We do not cut it into large timbers which sell in competition with the fir timber to any extent. We have cut clears that were long for the building of hollow spars for yachts. Most of our spruce is cut an inch and a quarter and an inch and a half and two inches in thickness, for the eastern trade. What we sent east is dressed and kiln dried. We do not cut any of these large timbers which we send east. We come into

competition more particularly with the California pine, and the pine from Montana and Idaho. The California pine with which we come in contact is along the Sierras, in Northern California, and up around the Shasta region. A good deal of our lumber that goes by rail, goes through to Towanda, and some of it, the higher grades, goes as far east as Springfield, Massachusetts. It is not used for cabinet purposes or for inside work to any great extent. Most of it is used for doors or clapboards, or double siding for the outside of houses. We make the clapboards and sidings out there. Our shingles are made of cedar.

Cross-Examination.

If these rates are maintained we will in the main be unable to continue shipments to the east. Our shipments in 1900 were 17,000,000 feet. In cars that amounts to 1026 cars. In 1901 there were 14,000,000 feet. In cars they amounted to 865 cars. In 1902 there were 23,000,000 feet, 1342 cars. In 1903 the shipments were reduced from 23,000,000 feet to 14,000,000 feet, and from 1300 cars to 725 cars, on account of the car shortage. In 1904 there were 10,000,000 feet, 498 cars. It was very largely spruce, but not entirely. We shipped some fir timber and some fir lumber. At that time spruce took the same rate as cedar, and it was reduced to the fir rate in 1905. That did not have a great deal of effect on the movement of our spruce, because we did not get cars. If we could have gotten cars we should have reached competing territory and have been obliged to reduce prices correspondingly, but we got so few cars we did not get any advantage from that production to any extent. It was expected that we could put our box business, our box material, in the eastern markets, but we never got cars to do that.

In 1902 the rate on spruce to Chicago was 60 cents, and the rate under the present tariff on spruce to Chicago is the same. I should say the competition in 1902 was about the same as now. There are several reasons why we cannot ship 25,000,000 feet on a 60 cent rate to Chicago now, though we could do so in 1902. The prices are adjusted and balanced in the Chicago market or wherever it is, on present conditions. The moment you handicap any of these commodities with an advance in freight rates, just that moment you force it out. Some of this spruce goes to Towanda, New York. That goes by way of the lakes in part, and part all-rail. We never have shipped any by water around the Horn. There was a fair

profit in spruce shipped to Chicago, paying a 60 cent rate in 1902, much better than at any time since. The demand is the same now as then, but we have not been able to supply any of it to speak of. We made the most money in 1902. In 1904 there was a general falling off in business. I joined with the other lumbermen in Washington in the request for a 40 cent rate to the Missouri River. The general impression was that a 40 cent rate to the Missouri River would be greatly to the benefit of the railroads and of the lumber men as well, and I still think so. There were quite a number of mills idle in 1904. I hardly think more than half. We have never shut down. We are not shut down now. The shingle industry has been in such a condition this year, because of car shortage, that it is hard to judge. If you will supply empty cars, as it has been in some years in the past, shingles will take a nominal price, a price such as would be expected; but this year they have been bidding for shingles until almost any price could be obtained if a carload could be delivered to them. I think this rate would affect the shingle industry, but not as much as it would affect the lumber business.

I should say the prices for shingles for the last few years would run from $1.40 to $3.60. They weigh 160 pounds a thousand. We dry our shingles down to 160 pounds. After that they deteriorate in value. Some dry them to less than 160. I think a good many dry them to 150, and some of them talk a good deal lower than that.

Most of them go to the Missouri River, except those that go coastwise. During the past four or five years we have shipped more coastwise than east. An advance of eight cents to the thousand would have its effect on the movement of shingles. I do not think it would knock shingles out of the market. Our competition in shingles is the redwood shingles of California, and the cypress shingles are competitors to some extent. Some of the Washington and Oregon shingles went to Texas this year by way of California. The shingle mills generally have shut down for a short time every fall. There is frequently a petition circulated among the shingle men to the effect that they will agree to close down at a certain time. That petition is circulated among the all-shingle mills. We are a shingle and a lumber mill. The combination mills seldom close. There has been an agreement among the shingle mills to shut down at times. These shut downs have had this effect: during the winter months there is a period when there is very little demand for shingles, and if the mills continue to

run and stock up, their big stocks become a menace to the market, and reduce prices in the spring, or that situation is taken advantage of by some of the jobbers or brokers; whereas, on the other hand, by manufacturing only during the months that they are selling they can keep a price that allows a margin of profit, perhaps.

The price of shingles can be controlled at least to the extent of eight cents a thousand I suppose by this joint action on the part of the shingle manufacturers. Sixty-five per cent. in number of the mills do not own their own timber. Our shingles that go to Texas are shipped to California by water. They pay the rail rates from San Francisco. The ordinary cargo rate from Gray's Harbor to San Francisco has been ten thousand shingles to one thousand of lumber, and of late it is $4.50 a thousand; that would be forty-five cents a thousand for shingles. Shingles of course have been abnormal this year, owing to the fact that cars could not be obtained to give the eastern market its supply, consequently we have done things that we never could have done before. We never before could have shipped shingles to San Francisco and then reshipped them to Texas. I think there is considerable competition between cypress shingles and our shingles.

There has been a reasonable profit in shingles; that is all. No more profit than you would want in the railroad business. The average profit we made on our shingle business has not been much in excess, if any in excess, of ten per cent. on our investment. It has never been a profitable business. This last year we would have made a lot of money on shingles if we could have gotten cars to ship them, but they were of no use at three dollars a thousand if we could not get a car to ship them, so we sold them for two dollars a thousand. The same thing was true in 1906 to quite an extent. We have not had plenty of cars since way back in 1902.

We have always bought our logs; never did any logging until this past year. We began about a year ago. Logs got up to ten dollars and we put in a camp. We buy our logs at the mill.

The articles which I read to the reporter consists of copies of articles and addresses which I had made and published. It was my judgment at the time that that conservatively represents the situations. There has in a way been a reduction of the cost of saw-milling. We save material by changing machinery; that is equvalent to a reduction in the cost of manufacture. We have improved machinery which results, to some extent, in

the reduction of the cost of manufacture, and in those matters we have, to some extent, offset the advance in the price of labor. The actual results of the year 1907 with us have been a profit to date of 17 cents per thousand feet, while there have been years when we ran up as high as $4.00. There were depressions in the lumber business at Gray's Harbor prior to the car shortage. And to which I refer. These depressions seem to run in cycles to some extent; and that was long before we had any railroad. Our shipments now go all over the coast. Our fir stuff coastwise and foreign and eastern.

I first went there in 1882. In that year prices were high. Since then we have increased the quantity very materially and now we ship more than we used to. We shipped nearly as much in the first six months of 1907 as we did in the entire year 1906, coastwise from Gray's Harbor.

The mills went into the year 1906 with orders on hand and before they got squared around in good shape, prices went off again, so that many of the mills made very small profits in 1906.

We shipped 24,000,000 coastwise up to the first of November, 1907. During the year 1906 we shipped 26,000,000. We shipped very little in the month of October, 1907, and the San Francisco market has entirely collapsed. Since way back last April that market has been cut off and it has been continually falling from that time to the present. I have no idea how much we shipped coastwise during the first half of 1907.

The Pacific Lumber Trade Journal is recognized as a very good statistical paper.

We have shipped just about our pro rata during 1907. We shipped 24,000,000 feet in 1907 in ten months, and 26,000,000 feet in 1906 in twelve months. That does not all go to San Francisco. Some of it goes foreign. So our coastwise business in 1907 has all gone to pieces. Prior to 1900, I think, logs sold a little higher than six dollars a thousand in the Gray's Harbor country, but not much. Since then they reached an extreme for No. 1 logs of twelve dollars last year. Their price now is ten dollars, nine dollars, eight dollars and six dollars. Ten dollars for spruce. That is as high as they have been for a long time. Fir is ten dollars today for No. 1 as against thirteen dollars. Six dollars for No. 2 and hemlock. There has been a drop in the price of logs in the Gray's Harbor country of more than three dollars a thousand. In other words, the logger has dropped all his profit and something more. The logger is going broke right now, where he has been making a profit in the past.

The article in the magazine known as The Coast, for July, was written by me.

Mr. Cotton reads from the article as follows:

"Logging by rail is the most successful and most satisfactory and latest development of the logging business. A logging camp now consists of six to eighty men. Oftentime four road engines and a yarder are strung out along a single road and the 'turn of logs,' about fifteen thousand feet, are passed from engine to engine a total distance in place of two miles. The product of a camp is sixty to eighty thousand feet per day. Or ten to twenty million feet per year. Logs average about two thousand feet each, are from twenty to forty feet in length, but sixty, eighty and even up to one hundred and twenty are lengths that can be produced in the woods and sawed by our mills.

Milling.

"The evolution of the saw mill has been quite as great as that of logging. All the first mills built in the west were double circular, lacing in boiler, also in engine capacity.

"The now Northwestern Lumber Company started with two fine boilers, fifty-six inches in diameter and twenty-four feet long. Today it operates sixteen tubular boilers, many of which are twice the capacity of the plant with which they started. Then the saw skurf was one-half inch. That is, if the log was sawed into one inch boards one-third of the log was made into sawdust. Today the saw skurf of our largest band mill is three-sixteenths inch and the saws that cut the lumber into smaller dimensions carry still less skurf.

"In order to handle the immense logs that came to the mill, a device was introduced which consisted of four saws, the third above and in front of the others, the fourth a horizontal saw, but even with these three sixty inch saws we were not able to saw our large logs without chopping and a waste of time. Therefore, a chopper was devised consisting of four knives attached to a square head and driven by power sufficient to cut into the solid log ten or twelve inches. But with all these devices the detention was still great and that, together with the waste, caused the introduction of the band saw.

"In those olden days logs were hauled into the mill with dogs driven into the log eight or ten inches. Today they are hauled by sprokets on the log chain so arranged that when the log is floated into position the sprockets take on the under side of the log and the log goes up the log slip.

"Then the logs were turned with cant wheels requiring the

use of chain. Today the Simondson Turner jumps up through the floor of the mill, grabs the log, turns it down and shoves it back onto the carriage in much less time than it takes to read of its operation.

"In the past logs were set out to the saw with hand set works, often requiring the full strength of two men. Today this is accomplished by steam and the instant the log is out of the cut it is ready for the saw again.

"Then all lumber was hauled down the rolls by man power, shoved along the dead rolls, as we say, while today all the rolls in the mill are live rolls, and when the lumber falls it speeds away to its next machine. All lumber was trimmed and slabs cut with swing trimmers by hand, no such things as an automatic trimmer or slab slasher being known.

"In those days lumber leaving the mill was shoved out the end or side of the mill down an incline into skids. There it piled up into a mass that could only be untangled by main strength. Today it goes onto a sorter, where one man puts a grade mark on every piece and other men take the lumber from the sorter and put it on a truck for its proper destination.

"Today from the time a log is floated onto the log slip, until the lumber is ready to load on trucks, no man lifts a board.

"All lumber was worked green. The California market required nothing else. The climate in that section of the country was sufficient of a dry kiln and the people were educated to green lumber.

"With the coming of the railroad to Gray's Harbor there came a demand for lumber to be shipped to the east, and that brought about the necessity of dry kilns, planing mills and the air drying of lumber. This is the process of the present, with the exception that transportation does not afford shipping facilities sufficient for much of our product, therefore, coastwise and foreign markets have to be reached in order that our mills may operate.

"We are entirely dependent upon the Northern Pacific for rail transportation, and find ourselves badly handicapped. With the extension of the Southern Pacific and the Milwaukee to our territory, we have to be better served and to have full access to eastern markets.

"Shipping.

"The evolution of transportation falls but little short of the evolution in logging and milling. When the writer first began lumbering the capacity of our largest vessels for coastwise

shipment was two hundred and fifty thousand feet. When lumbering began on Gray's Harbor a sailing vessel that would carry four hundred thousand was about the limit except that for the Sound trade full rigged ships, condemned for grain, were placed in the lumber trade.

"Then they began the construction of a fleet adapted to coast ports and ideas rapidly developed until vessels carrying a million feet on eighteen feet draft became more or less common. A little later the steam schooner crept in and was found adapted to coastwise shipments. Later the discovery of oil in California gave the steam schooner a stride ahead. By burning oil their radius was increased and their fuel consumption reduced. Today a large proportion of the product of the mills is carried coastwise by steam and sailing vessels are to some extent relegated to foreign shipments.

"No article on the lumber business would be complete with referring to the ups and down of the coastwise market in the years that have gone.

"The range in the price of lumber in San Francisco prior to 1900 was from eight dollars a thousand when times were at their worst, to twenty dollars when times were at their best. In both instances for common rough lumber of ordinary lengths.

"The policy of the San Francisco lumber dealers was to prevent the starting of new mills, and whenever mills started in such a number as to menace the California market it was customary to drop the price to actual cost of production. Unless a mill were provided with every facility, timber, camps, mill, vessels, San Francisco yard and abundance of means, it had to suspend business or go to the wall. This process of extermination would go forward for a period of about two years, then the third year the mills would combine, price to be advanced and handsome profits made, but at the end of that year there would be new mills started and the process repeated. Thus the lumber business ran in cycles of about three years, two of these three years were years of distress, while the third was one of prosperity.

"The price of logs in those ancient days was often as low as four dollars per thousand feet and I think never reached six dollars except for one period prior to 1900.

"With the coming of the railroad and the opening of the eastern market new conditions came into the lumber business, and a greater permanency was added to values. So, too, with the coming of the railroad, came the eastern successful lumberman who had seen the evolutions of the lumber business in

Michigan and Wisconsin and believed those same changes would come about in the west. Therefore, he bought timber lands and with the control of the timber lands came the control of the lumber prices.

"In the past the timber owners sacrificed their stumpage, loggers their profit, millmen their profit, and vessels their profit whenever California chanced to be short of a crop or the consumption of lumber became a little slack. San Francisco dealers, too, always insisted upon their own tally and inspection, which in many instances were a little short of confiscation. Through these long periods the San Francisco dealers ruled the mills of the north with rods of iron. It is therefore with much satisfaction that we see those same dealers submit to northern inspection and northern tally, see them paying a fair price for that grade of lumber which is suited to common building purposes and which they for many a year took pleasure in designating as 'refuse.' We sincerely hope that time may never come again when those dealers will dictate to the mills as they did in the eighties and nineties.

"In 1882, when the founders of the North Western Lumber Company built the first mill on Gray's Harbor, all lands west of the Northern Pacific grant were offered lands, for sale at $1.25 per acre, without restriction as to number of acres. Today those lands are worth from $1.50 to $3.00 per thousand feet of their standing timber, often from sixty to one hundred and fifty dollars per acre, or from fifteen to thirty dollars per tree.

"In 1882 the shipment of lumber from the Harbor was about five million feet. Today it is the largest lumber producing point in the world, cutting about two and one-half million feet of logs each day of ten hours into lumber and shingles.

"Then San Francisco was its only market. Today its products reach all parts of the world."

That substantially states the changes of conditions which have taken place from the eighties and nineties to the summer of 1907 as accurately as I could state it.

Our fir market to San Francisco has been the only market we have had access to in any quantity in late years, and practically during the entire period from 1900 to date, the Gray's Harbor output and Shoal Water Bay output has been ocean-going to a great extent, so far as fir is concerned. The stuff we have sent east has been the high grade materials. We have gotten good prices for it. The greater portion of our product is going coastwise from the mills on the Harbor.

There are mills on that Harbor that have no preparations made for the eastern trade. Those that have those preparations find the eastern market the better if they can reach it. For instance, our product for the last nine years has been divided almost equally. In the one year, when there was an abudance of cars, the eastern trade very much exceeded the coastwise trade. Other years when we have not been able to get cars, the coastwise trade has exceeded the eastern trade. I am talking about fir and spruce both. We have always shipped the better grades of fir east if we could. Got better prices there or we would not have gone east. We could always sell our common stuff coastwise for some purpose and at some price. Our coastwise business now has gone to pieces. The San Francisco boom is over. The labor troubles down there have interfered very materially with building. The new yards are all stocked, and the result has been that, beginning with April the coastwise orders have fallen off until they are virtually nothing. On the railroad business, we have had no orders since along in September. They quit then when they found that they were up against the question of absorbing the additional price. We had all the eastern business we could possibly handle until September.

We have turned down during the year thousands of orders for the want of transportation. The California pine and the Montana and Idaho pine have come in, in greater quantities of late years than the white pine did. The result is that our competition is stronger and heavier today than it was then, with the pine situated farther east than ours. The pine in Minnesota and Wisconsin, I think, is greatly reduced in quantity now. I have understood there was a slump in the yellow pine market.

Redirect Examination.

The reason why our orders ceased in September was that about that time the rate was so well established or promulgated that we advised our eastern buyers they must absorb the advance. The coastwise trade has also gone to pieces. It always follows as a necessary result that if one market goes off, its products are forced on other markets, so that a great deal more lumber is shipped coast-wise when the eastern market goes off than would otherwise go there demoraliz-

ing the coastwise market, as the eastern market was already demoralized.

In saying in my direct examination that we could not meet the competition in Chicago and other eastern markets under these advanced rates, I referred to the prices as they were at the time the advance was made. Our cost of production has not been materially reduced. We made $1.60 profit on an average. We could not retain the eastern trade and meet the competition under the advance in rates, because the advance was greater than our profit. If the market at Chicago and the east goes off from $4.00 to $7.00 a thousand, it would become, of course, impossible to meet that competition.

Our figures showed a large shipment for the first ten months in 1907. That is explained very largely by the fact that we had received California orders in 1906 which were worked up in 1907. The month of January, 1907, was the very top of the market, and the very top of the demand. We continued operating our mills into the Autumn of this year on orders which we had received prior to the agitation and announcement of this rate. We shipped out on old orders up to September. We have received some cancellations of orders this Fall. It is much more difficult and expensive to manufacture shingles in winter owing to the climatic conditions, than in summer. They are subjected to an extremely great amount of rainy, cold, damp, unsatisfactory weather that is not adapted to shingle making. The closing down of the shingle mills for the winter is due to climatic and season conditions very largely, but not entirely so.

Prepared roofing is going to take the place of shingles in the eastern markets, at the price shingles have been ruling. I do not think we can find a market in the east again in competition with the prepared roofing. If we add to the price of shingles in the past, the advance represented by the advance in rates, I think it would very materially affect the shipment of shingles to eastern states.

J. H. BLOEDEL:

Reside at Bellingham, Washington, which is about one hundred miles north of Seattle and about twenty miles south of the Canadian boundary line. It is in the northwestern section of the state of Washington, in the northwestern county, county of Whatcom. We have tidewater at Bellingham, and

have the Great Northern, Northern Pacific and the B. B. & B. C. Railway, which connects with the Canadian Pacific Railway at the boundary line near Sumas. I am connected with the Larson Lumber Company, manufacturers of lumber in that territory. We have several mills, two saw mills, sawing fir lumber and also some shingle mills. One of these shingle mills is at Bellingham, the other at Belfast, about twenty miles south. We have no water transportation at Belfast. Our saw mills are located on Lake Whatcom, three or four miles inland away from salt water, not in the city of Bellingham but just outside of it. We have not the direct advantage of shipping by water from those mills. We can ship by water by first transferring onto rail and taking the lumber to tidewater and then transferring it, but it is an expensive process. We do not ship by water to any material extent. We find a market for our products almost exclusively in the middle east on a forty cent rate. We sell a part of our lumber in Canada, by exporting it into the northwest territories. We sell a large part of our lumber in North and South Dakota. We sell some lumber in Minnesota and some in Nebraska and Iowa, and some for delivery at Duluth and Ashland, and some in Cleveland and delivered by means of the rail and lake route; and then the other products, shingles, have been shipped all over the middle section of the United States, and quite a few have gone through to New York. We have a sales department elsewhere than in Bellingham, one in Minneapolis, a regular sales office, and we have agencies arranged at different points, one at Winnipeg and one at New York. Our investment in saw mills and shingle mills is close to half a million dollars. We have a logging company which was the predecessor of the lumber company. That has been in existence for a number of years, was organized prior to the lumber company. That has an investment in timber lands. That company owns timber lands and logging railroads and conducts a regular logging business. It sells logs, has done so right along since its incorporation, and has sometimes bought logs and has bought and sold lumber when it could do so to advantage. It sells logs in the open market.

I have been directly engaged in the logging and manufacturing business since 1898. I was, however, directly engaged in logging and timber interests here in 1890 when I first came to Puget Sound. I was then in the logging business for the matter of a year or more, and subsequent to that

I kept in very close touch with the logging interests, as I was interested in a small concern, and bought and sold logs during the hard times when we had to facilitate things as best we could. In other words, I have kept in close touch with the logging and lumber business ever since 1890, although there was a period of about six years that I was not actively connected with it directly. I was in Bellingham in the spring of 1893 before the Great Northern Railway was built in there. The rates about that time and prior to the spring of 1893 from Bellingham and the coast cities to St. Paul and Minneapolis were 55 cents per hundred pounds. The Northern Pacific was not then operating from Bellingham. I think we had rail connections with the mill then by way of what was called the Fairhaven and Southern, and later became a part of the Great Northern System. I think it was one of the first lines owned by the Great Northern Railway. They owned that before the line was built through, and that connected Bellingham by rail to Seattle and the B. B. & B. C. Railway connected with the Canadian Pacific. The Northern Pacific was not in at that time. I had no knowledge of shipments at that time.

Fairhaven is now part of the city of Bellingham. It lays just alongside of it and was later incorporated in it. I was not present at the Fairhaven Hotel on Thursday evening September 10, 1891, at a dinner that was given to Mr. James J. Hill. I was present at a reception that was given him. I did not know that there was a dinner then. There was a reception on that occasion. I recall in substance that Mr. Hill made a speech regarding lumber rates from that territory to the east. I was one of the reception committee which entertained Mr. Hill. He had been to a dinner before he made these remarks. I did not get in on the dinner.

Counsel for complainants thereupon read to the witness from a published report of the speech of Mr. James J. Hill in the Bellingham paper of that date, which is as follows:

"As far as turning your forests into a direct source of wealth by converting them into lumber and exchanging it for gold is concerned, that is naturally limited, as it has been, to the market you could reach by the ocean. Before building or extending our lines of railway it has always been our custom to examine every visible source of tonnage, or the soil that would produce tonnage, if brought under the influence of intelligent effort. And in coming here I assure you

that before we made up our minds to build to the Pacific Coast, we also made up our minds, as far as we might with all the information we could then get, that our enterprise would be a failure unless we could successfully and profitably carry the tonnage produced in the country to a market. Now I know that we will be able to carry tonnage produced from the manufacture of your enormous lumber resources to a market, not only to the prairies between here and the Mississippi river, but to the lakes and over the lakes to the New York canals, where they may be distributed to everybody's door. There is no reason in the world why the lumber from the Puget Sound region will not successfully compete with that heretofore supplied from Wisconsin, Minnesota and Michigan. As soon as our line is completed we expect at once to carry that lumber, if you please, to Buffalo and Black Rock, where it is distributed over the entire East. And I hope that we shall not be disappointed in finding the lumber to carry. The trees are here, and the climate and weather are both reasonably comfortable to enable men to do good day's work, and I know of nothing in the world to prevent our carrying that lumber, except that somebody must make it. We can not carry logs that far."

Continuing, the witness testified:

I remember that speech and this extract. Following that the rate of forty cents was put in. That rate had been in effect about five years when I became interested in the lumber business. The existence of that rate, and the fact that it had been in effect several years, and the further fact that I had heard Mr. Hill's announcement on this occasion entered greatly into my consideration when I made my investment. I have made recent investments in mill properties in my neighborhood, an investment in the mills in the fall of 1906. We started to build a mill, because our capacity had been insufficient to take care of the orders that we had. We completed that mill in July, 1907. We were in doubt as to whether to put the mill on an exclusive rail point, or to put it on a tidewater point. We had an option on a site at Bellingham that would have given us a tidewater outlet. At that time the car shortage was a very severe matter, which would induce the location of a mill at a point where you felt that you could ship your lumber either by water, or on account of having enough competitive rail facilities. I talked with Mr. Campbell, who was then traffic manager of the Great

Northern, and he asked me to put the mill at a point on Lake Whatcom where the other was, if we could otherwise see our way clear to do so. My partner talked with Mr. Leedy of the Northern Pacific, who also assured him that the car supply would improve; that they desired to have the mill on the rail lines rather than on the water lines, or rather than subject to water shipments. I also talked with Mr. Peters of the Canadian Pacific Railway, and he assured me along similar lines. Had there been at that time any question about the rates, I would not in any way have encouraged my partner to invest the money in this mill. There was nothing said about the rate one way or the other; it was largely a question of car supply. But the inference that we had, from doing business on that rate, a matter of about thirteen years, was that it would be reasonably continuous, and on that assumption we built the mill. We began operating it on July 25th, when it was completed, and we closed it about September 5th, for want of business. This was in 1907. The investment is about $200,000. It will require a little more money to establish dry kilns and other facilities. The saw mill itself was complete. We feel that we made a foolish investment, in view of the raise. It is one that will now depreciate, that we will have no use for, until the conditions in the lumber business change radically.

Our other mill is not running. Those mills were closed for want of business and because we have for some time been unable to get any orders for future shipments. We are always required to have a number of orders on our books. It is necessary to have anywhere from one month's to six months' orders on hand in order to lay your plans for getting timber and for buying timber and for doing other things which are necessary in laying out your market lines. We have been able to get no business since about May or June, 1907. Business dropped off materially in July, very much more so in August, and practically none in September, and from that time on we have had no business offering at all. Prices do not seem to cut any figure.

In a general way I am familiar with the figures relating to the State of Washington as to the investment in lumber enterprises and the number of people depending on it throughout the state. There are, I should judge, about 450 shingle mills in the State of Washington. I must explain that these shingle mills are not as large as the average saw

mill. The average shingle mill will employ about twenty-five to fifty men. In addition to the 450 shingle mills there are about 500 saw mills in the state. There is possibly a total of 1,000 mills in the State of Washington. Now as to the capital employed, I am unable to give definite information except in a general way, and this information is gathered from the records of the Pacific Coast Lumber Association and others. I judge that the total investment is about $100,000,000 in the lumber industry in the State of Washington. That implies or includes that portion of it in Eastern Washington, which is hardly a fir producing country, but is still in the state. The number of men employed are probably between 90,000 and 100,000. That would average possibly close to 100 men to the plant. Now, the average shingle mill will not employ as many as that, but many of the saw mills employ two or three hundred men, and quite a few employ from one thousand to two thousand men in all their operations. This employment of men includes the number of men working in the mills, in the camps, and on the logging railroads, in other words the business that is directly in hand with the lumber business.

The annual output of the State of Washington is about four billion feet. I have heard the value of the lumber stated as high as $85,000,000, but my own figures have been a little more conservative. I think it is in the neighborhood of from $72,000,000 to $75,000,000, which is the value of the output. I could not say as to the annual payroll. It is a very large one, of course. There are one hundred thousand men engaged in the industry. I should think the annual payroll was $60,000,000 a year or more than that. I cannot tell you the amount paid in freights on lumber shipments from the State of Washington annually. To our industry as we have run along for the last three years the advance in rates represents about $2.80 a thousand on an output of close to thirty million feet, which would be about $82,000 a year. That would be the amount on the product we have already manufactured. If we had a market for the product from the new mill, we believe it would add about $150,000, and would be at the rate of about $200,000 additional freight. That is roughly speaking, estimating the amount. That advance in rates would affect our business very considerably. As I have stated, our lumber goes almost entirely into a territory where we pay a forty cent rate. We come into competition in the United States there with the products of the northern states.

They are shipped into the same territory that we ship into on a rate of from 10 to 15 cents. We come into competition with yellow pine also, which is shipped into the same market at a rate of all the way from 19 cents to 40 cents. We have been shipping lumber into this section of the country very largely (indicating on the map). Our largest product has been into the North and South Dakotas. We have been shipping that on a 40-cent rate. We are able to compete on a 40-cent rate, with white pine, or the products of the northern portions of Minnesota and Wisconsin, on their 10 to 15 cent rate, an average, I think, of about 12 cents.

We are able to met competition from the south, from the yellow pine district, on a rate of about 34 cents. We will take this for an example, from the great number of different grades of lumber. There are a great number of different grades of lumber, as the Commission have no doubt learned by this time; but taking the common grades, that is, our house building lumber, which we will accumulate—we endeavor to make as much clear, which is high priced, and as much long and large stuff, which is higher priced, as we can; but in the manufacture we get a lot of short stuff and a lot of common, or stuff that we make into common boards, or common sidings, or two by fours, or two by sixes. That is a product which nearly all mills make in large quantities. It is stuff that is the result of manufacture of the higher grades of lumber. Now, on the basis of that material, taking two by six, for instance, which is the lowest priced lumber that any of the lumber manufacturers furnish, on the basis of a 40-cent rate, we can deliver that for $23.50. The white pine people from Minnesota and Wisconsin have been shipping lumber into that district and paying only about 12 cents, and selling their lumber at $23.50. In other words, their lumber brings more money at the mill than ours does.

The yellow pine people in the south have been sending it in and delivering it on a 34-cent rate, for $23.50.

Now, on other grades, for instance on the two by twelve, 26 feet long, which is a longer length and a material which is harder to get in white or yellow pine, that is worth from the coast about $27.50. That we can deliver into the territory that the yellow pine people have a 19-cent rate to. In other words, their price is so high at the mill that they ship it at a shorter rate than we can ship into that territory.

Now, take for example the upper grade flooring, we can

take a number two item of flooring, which is equal to the A-grade of yellow pine, and we can ship that on a rate of forty cents as compared to their rate of twenty-six cents.

I am choosing those three for example, and for the purposes of illustration. Any other grades along the lumber lines will answer for similar purposes. They are all different. In our coast business we aim, of course, to get as long lengths, as much as possible, and the larger sizes, as much as possible, when the tree will make it, because that has the least competition in the other markets. The short lengths and the small sizes we meet in competition all over. There are native woods in Colorado, and even in Dakota, that compete in those items. On the long items we want to reach as far a market as we can, in order that we may sell our small dimension stuff at a low price, so we can dispose of the product of the entire mill.

Now, the result of this rate advance will be that it will put us at a disadvantage in the territory that we are now shipping to, and competing with white pine from the north and yellow pine from the south, at least ten cents per hundred pounds. In other words, if the white pine rates and yellow pine rates were raised ten cents, we would be on an equal basis with those woods, and it would then be a question of the consumers standing the burden. But that is not the case. Their rates are not raised, and our territory will be very much contracted. Now, under this new schedule, if we are obliged to pay fifty cents instead of forty cents, white pine will then be able to go as far back on the Northern Pacific Railroad, I think, as Dickinson, or somewhere about there, and on the Great Northern Railroad as far nearly as the Montana line. In other words, white pine competition can drive us back from the market which has been a great market for at least the firm that I represent, and I think for other mills similarly situated. It is possible that that might advance the price, but they have that feature in their business over us, which is a considerable advantage.

Yellow pine is in exactly the same shape, so that they can get into territory in South Dakota, Southern Minnesota, and further into Nebraska than they could heretofore, because our rates will be fifty cents as against their former rate of thirty-four cents. In other words, they will be able to ship to points where their rates are forty-four cents for yellow pine instead of thirty-four, and white pine will be able to ship to points where the rates are considerably higher.

The Canadian Pacific Railway begins at Vancouver, British Columbia, and runs through the mountains, going to Winnipeg and further east, and also Manitoba generally. It has a connection on the American side into Bellingham, over the B. B. & B. C. Railway, and also I believe is under contract with the Northern Pacific Railway at Sumas into Seattle, so that they are enabled to get shipments into Seattle and out of Seattle via the Northern Pacific at Sumas, and into Bellingham and out of Bellingham via the B. B. & B. C. into Sumas. The Canadian Pacific for a number of years has had a rate of forty cents into this territory here (indicating), Winnipeg, Emerson and Manitoba points generally. From Vancouver to those points the forty-cent rate remains unchanged. That is the same today, so far as my information goes. I don't know whether the Canadian Pacific has rates in connection with American roads, but I do know that another road, the Canadian Northern Railway, has a tariff with the Great Northern Railway from Vancouver, Washington, via this line across the continent, through Noyes into Winnipeg and to Manitoba points generally at forty cents, and that is in effect today. The Canadian lines have joined in these rates in the American territory, and the American lines have joined with the Canadian Pacific Railway into Canadian territory, but the Canadian Pacific Railway retains the old tariff, which has not been changed within Canada. The arrangement is that if it comes into the American Pacific territory, the rate is a fifty-cent rate, and if it goes through American territory back into Canada, it is a forty-cent rate. In other words, a shipment originating in British Columbia and coming over the Canadian Pacific Railway into any town in the United States, takes the same rates as the American roads have put into effect November 1st; and on the reverse shipment, originating in American territory and ending in Canada, that takes the same rate as is put into effect by the American roads in the United States; but a shipment beginning in Canada and ending in Canada takes the forty-cent rate, either by the Canadian Pacific Railway or the Great Northern Railway.

The route by the Great Northern is from Vancouver, British Columbia, to Everett, and then east over the main line of the Great Northern to a point about here (indicating) and then on north through Noyes and into Manitoba distributing points via the Canadian Northern Railway. That is the route.

In addition to the former rates being retained, the old or former minimums are retained on the other side. The minimum is 30,000 and 40,000 pounds, which is the same as we had in effect on October 1st, 1906.

In addition to that there is an allowance of 1,000 pounds made for moisture, due to snow and ice, for the six winter months, I believe, and 500 pounds in the six summer months. That moisture allowance is $4.00 per car for the winter and $2.00 per car for the summer. That is not the case on the American side. None of the American roads make that allowance or ever have, so far as I know.

The Canadian Pacific Railway is built through a heavy mountainous district. The first 500 miles of its track out of Vancouver, between Vancouver and Calgary, is one continuous or generally continuous mountainous stretch of country, where the grades are heavy and the curvature is sharp. At one point in the Kicking Horse Pass the grades of the Canadian Pacific Railway are four and one-half per cent. The American lines, on the contrary, I believe, are limited to 2.2 per cent. miximum grade. If there is anything heavier than that, it is a very short and inconsequential place. Their standard mountain grade has been 2.2 per cent., and that I know in many cases, especially on the Great Northern lines, has been reduced.

The standard roadbed is far superior today on the American side and the general character of the country is easier and cheaper of operation than that on the Canadian Pacific.

Referring again to the joint tariff from Canadian Pacific points through the United States into Winnipeg and points in that territory, the witness testified:

I have been informed that there has been an actual movement under that tariff and over that route. My information is from the shippers in British Columbia, who speak of that route and say they are shipping over it, and also some of the traffic officials in that line of business, who keep track of those things. I refer to a tariff dated August 28th, 1906, which is a joint tariff between the Great Northern Railroad Company and from Vancouver, British Columbia to Manitoba points, via the Canadian Northern Railroad, and, I believe, its own lines—it has some branches there. This tariff is on file with the Interstate Commerce Commission. My attention was called to it the day before yesterday and I went to the Secretary's office and found the tariff on file there, and it had

not been revoked at that time. No notice had been given of its revocation.

I have been exporting lumber into the Canadian northwest. We ourselves have been exporting lumber from Bellingham via Sumas and off into territory known as the Canadian Northwest, into the Saskatchewan territory and into Manitoba points near Winnipeg and into Manitoba generally. There is quite an exportation there outside of their own, that comes from various points in there. We export both grades of lumber, both common and some upper grades. Probably more of it is common grade lumber than there is of the upper grades. This advance in the rate would absolutely kill that export trade, because under the new tariff the rate from Bellingham or any points on the American side of the line into any point or points in Canada is raised ten cents, whereas the Canadian Pacific does not raise its rate, just over the line, and our competitors are the mills along the Canadian Pacific line, the same general districts. In other words, this is all a lumber producing district, both in British Columbia and the United States, and the lumber which is produced up there is similar to ours and it goes practically into the same market, so when our rates here are raised to fifty cents a hundred and theirs are not raised, the same article can be shipped for ten cents a hundred pounds less into the same territory. That is the effect of this tariff. If a shipment originates just over the line on the American side, whether it goes into Canada or goes back after going over the Canadian Pacific, into America, the rate is increased ten cents per hundred pounds, whereas, if it originates on Canadian soil, at any Canadian point on the coast, and goes to a Canadian point it remains forty cents. If it originates at a Canadian point and goes just over the line into America the rate is fifty cents, and also it is subject to new minimums, and subject to all of the conditions of the American tariff.

The minimum prior to October 1, 1906, was 30,000 pounds for Cedar and 40,000 pounds for fir. In other words, that was the load required on any car no matter what the capacity was. If the capacity of the car happened to be less than 30,000 pounds or 40,000 pounds, then the marked capacity of the car would govern the load. In other words, the refrigerator cars would probably take less than the minimum, and some of the small cars would take less than 40,000 pounds. Some time prior to October 1st, the trans-continental lines

promulgated a new market basis, which is figured on the capacity basis. The original basis first presented to the shippers was rather excessive; it was rather more than what the average car contained, and upon conference and talk we had, as a result of the talk between ourselves and the railroads, we finally agreed so that the minimums were raised to a point where the car was required to be loaded to the visible capacity only, and up to the new minimums if that could be done by loading the car to its capacity. It was a cubical minimum, and from that was deducted a weight basis, which was graduated so it would run, say, from 40,000 to 60,000, according to the cubical capacity of the car. A car, say, 60 feet long, eight feet wide and nine feet high, would figure a certain cubical capacity, and on that cubical capacity was based the weight it should contain, and on that weight we would have to maintain our minimums. I made the figures on that capacity in our own case, and I have one or two others. There were figures made in some other cases, but in our own case, in which I am prepared to testify, I find that the total weight per car of lumber, loaded prior to October 1st, 1906, was about 47,000 pounds. That the gross weight, that is, the weight of the car itself, was about 32,000 pounds. I think it was 32,008, to be accurate, and that the total weight of tare and cargo was 79,000 pounds. After October 1st, 1906, to the date when we ceased shipping, some time in October, 1907, the average weight per car was 54,000 pounds. That increased the cargo in each car 16 per cent. over the former load. The tare of the car has not increased. I think it is a matter merely nominal, a matter of a few pounds. So that the average load of tare and cargo, had only increased about 6,900 pounds or 7,000 pounds. The average car's load had only increased 8.8 per cent. In other words, if a cost basis is figured on, a ton basis—in other words, a cost per ton per mile—the cost of moving that car had increased 8.8 per cent., and the cargo or the freight, being a portion of the car, had increased 16 per cent. So that the difference of earning on that car, or on the rate or on any basis you please to make it was 7.2 raise.

In other words, explaining it in another way, the railroads increased their earnings per car without cost to the lumbermen; but it would have amounted to the same thing if they had maintained the old minimums and raised their rate from 40 cents per hundred pounds to approximately 43 cents and

a fraction. In other words, there is in effect the same thing as a raise in rates.

Now, I want to say that the lumbermen, after they understood it, were thoroughly in accord with that move. It increased the loads per car and enabled us to get a few more cars. Pointing to the percentage that it makes out, I should say approximately nearly sixteen per cent. more cars. This enables us to ship a great deal more lumber than we formerly could.

In making those figures, I do not figure the cost per ton per mile on the heavier load the same as on the lighter load. I merely take it from the cost per ton per mile basis, generally speaking. We were told at the time when this minmum was promulgated that the railroads wanted more cargo without increasing the number of cars, and if they figured the approximate cost of moving a heavy car compared to a light car and found that it was not material, and if they could increase their earnings on a car that way and it was a material point to them, we were willing to concede that. The net result of this increase in minimum has been to increase the earnings of the railroad companies three and a fraction cents, about three and a quarter or 3.2, or something like that a hundred pounds, giving the same revenue as if the rate were 43 and a fraction cents.

I have kept a fairly accurate record of the movement of cars from our point to the points of destination, which were largely in Dakota, and I find that in 1905 and 1904 the average time for moving a car from the coast to points of destination was about twenty days. On the American lines it was about twenty days, and on the Canadian Pacific it was about nineteen days. In 1905 it was approximately the same, and in 1906 the length of time had gone up to 44 days per car from Bellingham, Washington, to general distributing points in North and South Dakota. The length of time was on the slow movement of traffic, and probably the congestion of traffic along the main line of the road. We find that cars were often sidetracked in our yards, and left there for weeks at a time. Train loads were sidetracked along the line at different points, and would be sidetracked for weeks before they were moved through to destination. We had, of course, to keep tracers after our cars and try to keep them moving, so as to get them to destination, as our customers were getting very anxious to either get their material or have their orders cancelled.

It is not true of the Canadian Pacific to that extent. The Canadian Pacific only increased its movement for about 24 days in 1906. The Northern Pacific, I think, was 44 days, and the Great Northern Railroad was 42 days. As I said, the Canadian Pacific was only 24 days in 1906. The Canadian Pacific, perhaps, has been a few days quicker moving the cars right along than the other roads. It has made the best time. I am not able to give competent testimony as to whether that was due in part to a deterioration in the motive power of the American railroads or to the bad condition of their cars, but I think not, however. From my own observation and general reports that have come to me, I think they have increased their motive power. I think they have bought new locomotives and bought heavier locomotives, and they have also bought some cars and heavier cars, and otherwise have improved their equipment.

The effect of this delay retarded our market and interfered with the sale of our product very much. A dealer in North Dakota, who was located within a reasonable rate of the white pine district—I mean at some competitive point—could get his lumber through in three or four days, and he would rather pay as high as a dollar a thousand more for the stock in order to get it quickly than to submit to the delays that he had to submit to if he got his lumber from the Pacific coast. It was not only the time in transit that caused an interference in our market, but it was the actual car shortage, the fact that we could not get enough equipment and satisfactory equipment, so we lost a great deal of trade on that account. I have talked with a great many dealers in the Dakotas at points where they can use both materials, and they have told me that that has interfered with the sale of the coast stock to a great extent. I found that orders began to decline from the territory affected by this advance in the latter part of June and first part of July. We had a large amount of business in the fall of 1906, and were unable to ship it on account of the complete embargo of the northern roads for some 60 days in the winter time, on account of weather conditions, and we were delayed in shipping that, and shipped it after the middle of March, and we were not caught up and ready to take new business until about that time, and when we were ready to take new business it was very slow coming. Through our Minneapolis sales office we made every effort to get business after July, to have more orders on our books. We were about caught up then. As the rate had been advanced at that

time, or it was announced that it was to be advanced, and we had reasonable assurance that it would be advanced, I advised our sales office that all business must be taken subject to the new rate, if we could not ship it before October 1st. The car shortage in the fall is usually very severe. In the summer time it is not so bad. But he advised us that he could not get business with the increase in the rate, that it was hard to get business generally and that there was disquietude in the market and a general disturbance of the market on account of the advance in rates, that they did not know where they were at, in other words. He obtained very few orders, so few that they are hardly worth mentioning. We had a few orders for some bridge timbers which were to be gotten out before October 1st, so as to avoid paying the new rate. That was large stuff, large timbers, which had to go to Duluth. I think with the exception of a very few cars, yard stock, that was all we had.

The summit of the Cascades, which is approximately from seventy to one hundred miles from Puget Sound, is about the dividing line between eastern and western Washington. West of the summit it is entirely a timbered country. The general moisture there has evidently induced a heavy timber growth, and the country from the northern boundary line, way through into the middle or southern part of Oregon, is generally a heavy timbered country. There are a few spots here and there that are valleys, prairies or flat bottoms, but that part of the country is so small in extent that it is almost unworthy to mention. The timber industry is practically the great industry in that part of the state.

East of the summit of the Cascades for the first forty or fifty miles, there is a sparsely timbered section. That section is mountainous and sparsely timbered. There is some white pine in that section and some yellow pine, and a sprinkling of fir. East of that line you get into the prairie section of the state, and that is an agricultural, grazing and farming district generally. Some sections are much better than others, some sections are arid and need irrigation in order to grow crops, and some sections are very moist and are highly cultivated. Again, when you get towards the eastern end of Washington you find a timber district, similar to that east of the summit of the Cascade mountains.

I mean that this section in the extreme eastern part of the state is similar in its timber growth to that section just east of the Cascade mountains. It is a sparsely timbered sec-

tion as compared to that heavy timbered section west of the Cascades. It is not generally mountains; it may be hilly but not generally mountainous. The altitude is high in that section, but it is not generally mountainous.

Lumber is by far the largest and is the principal industry west of the Cascade mountains. We have some fisheries in the waters of Puget Sound and the adjacent waters of the Pacific Ocean. There is some agriculture in the valleys, in western Washington, west of the Cascade mountains, where the lands have been logged off and where they have been burned over and submitted to agriculture, and that is getting to be a promising industry. There is also some dairying and making of butter, some canning of milk, in these valleys that have been logged off. There is some manufacturing and some wheat milling. The wheat brought from eastern Washington is milled on the coast to a great extent. Some of it is shipped in the grain to Europe, but some of it is manufactured into flour there. Outside of some other small industries I think that constitutes the majority of the business in that part of the state. Lumbering is by far the greatest industry there—lumbering and industries directly connected with it.

The great density of population in Washington is west of the Cascade mountains, especially along Puget Sound. It is found in those towns along there—Tacoma, Bellingham, Everett, Ballard, Fairhaven, Blaine, and down around Grays Harbor. That population depends in the main on the lumber industry and its allied industries, and upon shipping and fisheries, and to a small extent, upon the industries you referred to. There is some timber in eastern Washington, directly south of Spokane, but that does not extend very far east of a line drawn south of Spokane. In other words, taking Spokane in this location (indicating on map) there is timber out here and here, but when you get west of that there is no timber, it is a prairie country. If you mean strictly grades, we make almost an infinite number of grades of all kinds; we make three or four grades of clear lumber and we make several grades of different kinds of common lumber, and so on. I might illustrate it by saying that we make almost as many grades of lumber as the railroad has classifications or freight rates. By clear lumber we mean the lumber which is free from any defects, we mean lumber that has no knots or no pitch seams, and has very little if any sap on it, and is a perfect piece, in other words, that is clear lumber. Ordinarily we make three grades, and recently we have made one more grade, a fourth

grade, but ordinarily we make three grades. That is all high grade lumber. Specialties are made in the same grade as clear lumber frequently. By specialties we mean stock that is intended for making wooden pipes, or for making ladders or for making wagon boxes or other special purposes like that. That is about the only way I can illustrate it. It is a high grade product. By common we mean the grades of lumber which have knots and which have pitch seams or defects and are coarse in character. That is, lumber that is generally defective, but yet it strong enough to be of value, is satisfactory when strength is required, but will not be used for high grade purposes. We make several grades of common. We have a No. 1 grade, and lately we have been making a No. 2 grade. We have a grade that comes below that that is called a cull, but I might say that in making common lumber we make a great many different sizes and lengths. A log, or possibly lumber, may be a common grade, and yet may have a high value on account of its size or length. It may be a piece, say, two inches by fourteen inches, say 32 feet long, which is a piece that demands a good price in the market on account of its size and length. The common is below the average.

As a general thing, lumbermen, in order to get a basis for figuring their prices, will base it on the lowest item in that list of commodities. An ordinary piece, two by six, short length, is a common basis. On an average, ordinarily, in our own district, located where we are, we would get between 25 and 30 per cent. of clear lumber, and we would get 70 or 75 per cent. of common grades of lumber. You can only estimate the cost of lumber by a sort of an average. In other words, we estimate it, I presume, like the railroad estimates the average hauling of its traffic, whether it is a ton of coal or a ton of silk, it may all go into the same train. I can see no way in which we can figure it different from that. The cost is per ton or per thousand; no matter what the grade or the quality, the per ton or per thousand basis on the average is the best we can do. There is no way that you can take any particular grade or one or two grades and ascertain the cost. When you manufacture all the grades you can figure the cost of all of them; or if you only manufacture one grade of lumber, of course you can figure the cost of that. For instance, if you manufacture nothing but two by fours, I could tell you what they cost, but we do not do that. We manufacture a great many different kinds of lumber; besides the lumber of different sizes, we manufacture flooring and other high grade stuff,

and the only way we can figure is by taking a general average per thousand feet. We cannot figure it by the day or even by the month, but we must average it by the year, because there are a number of conditions that come in to increase or decrease one's cost during the different periods of the year, and so we have to take all those things into consideration in figuring the cost. We could not take a day's run and find out what was the real cost and output and profit of that day. I do not think the railroad company could take a train of cars across the continent and figure out what a certain day's cost would be to haul that train, because they might have a storm or a wreck or some other delay, and I do not see that there is any way in which we could figure the cost, either, on any day. If the average cost is $12 for a log, and we get a small percentage of that log that will sell as high as $30, it would not be possible for us to ascertain just what that lumber cost which we sell for $30. All we can do is to ascertain the average of the whole cost. It could not be said that we had made such and such a profit on that particular product for which we got $30. I do not think when we sell our common lumber at say six or seven dollars a thousand, after paying ten dollars a thousand for the logs, that it can be said that we were selling that common lumber under cost. We cannot tell what that common lumber cost us; in other words, we figure it on the law of averages. I have never been able to find out any other way of figuring it, although I have tried to. The average weight per thousand feet of the lumber which we manufacture is about as near as I can figure it, 2,800 pounds, the way we ship. With 40 cents per hundred pounds as a freight rate, and 2,800 weight per thousand feet to any of this territory marked 40 there on the map, extending as far in as the Montana line almost, we would pay $11.20 a thousand, freight rate. An increase of ten cents then would make it $2.80 more, and that would make the cost of our lumber $14.

For 1906 the average value of our product was $16.50 at the mill. Then to get that to this 40 cent zone, we are required to pay $14. To Chicago, and that region in there, the rate is 10 cents a thousand. Adding that it would make $2.80 more, which would make it $16.80, as against the average value of our lumber being $16.50. There is no other lumber that goes into this competing territory, or into any other territory, that pays the same rate as fir lumber. The rates paid by yellow pine are considerably below it, ranging from an average of 23 cents to 32 cents, and the rates paid

by white pine are from a few cents up to 20 cents, and the rates paid by eastern Washington and Idaho are the same into this northern territory, and five cents less into the southern territory, I believe. The rates paid by Montana lumber that goes into this district here, are all the way from 5 cents to 10 cents lower than what we pay. In other words, our lumber, fir lumber, pays more money to get into the market than any other lumber.

The way our lumber can meet these other woods in competition in these territories which we have designated as competing territories, is, I think, not because our operating conditions are less, but on the contrary, they are somewhat higher than elsewhere. We have, to offset that, a somewhat higher grade of timber than some of the districts in competition with us—not white pine or yellow pine, but some districts in Montana or eastern Washington. But, generally speaking, the average value of stumpage is higher in the other markets, and the average profit, I am told, is much higher than our profits.

I do not know of anything else to explain to the Commission except that I might say that I have been in business there for 18 years. I have seen depressions before. 1894 and 1895 were very bad years with us. But I have at no time seen a depression which has come so suddenly and which has taken the workingmen so unawares as the present depression. Of our own crew of formerly 600 men, with a pay roll of between $45,000 and $50,000, to-day there is no one at work except the caretakers and a very few repairmen, and, generally speaking this depression has left the working men in rather straightened circumstances, because they were not prepared for it. They are not a very provident lot anyway, they do not lay up very much money, and it has been and is a great hardship to them. I received a paper last night, in which a column was headed that the associated charities were calling for a meeting in the city hall of Bellingham to arrange to take care of the idle workingmen, that there was great hardship and great suffering, and that funds were being subscribed in order to take care of it.

The closing down of those mills is almost entirely the cause of the idleness of those workmen. The only time the workmen in our district are engaged in the fisheries is in the summer time, for three or four months, and outside of that they are engaged in lumbering or in the shingle mills, or cutting,

or in sawmill work, or something of that kind. That is our great industry.

I am not prepared to say just what the average amount of profit of our mill for a series of years is. There have been some years when there has been no profit; other years we have made a fairly good profit on the manufacture of lumber. I can give you the figures, I think, for 1906, from memory. For the year 1906 the cost of manufacturing our lumber in the mill, from the slip to loading it on the car, was $4.75 per thousand, exclusive of any charge for depreciation, or any fixed charges such as we might have for a shut down for a long time, or a fire loss, or any extraordinary loss—just the ordinary running expenses. We ordinarily estimate that the life of our plant is anywhere from ten to fifteen years, and on the capacity basis, based accordingly, we aim to charge off a dollar a thousand feet for depreciation to take care of extraordinary losses. That would bring the cost to $5.75. The cost of the log for 1906 was about $9.20 or nine dollars and something. That would bring the average cost of the lumber to about $14.75 or $14.85. The average selling price for the year 1906 was $16.50. The average profit was about $1.65 or $1.75. During that year we purchased some logs from the logging company and some from outside and from different sources. We would buy them whenever we were in need of certain grades, or could buy them. Being interested in a logging company, we would have made more money had we sold the logs on the market outside rather than to our own mill. During 1906 I could have sold the average product of the logs direct from the camp and made fully as much money as by manufacturing them. In fact, I think that we could have made more money. I think the general average of logs sold at the figures for that year, we could have made a little more profit than by taking the logs and manufacturing them. We have not charged the mill full figures for logs.

I want to straighten out a question asked before this one, and my answer to it. In 1906 the log price was not so high. It was 1907 when we could sell our logs at really a better price than we could manufacture them for and put them into lumber. I simply want to correct that statement. The only way, of course, that we can keep going and pay taxes and interest on our loans, or whatever we have to carry on our investments, is by manufacturing, and, to some extent, making a market for the logs, and, as far as we can, bringing something into the country. Most of us out there are not blessed

with too much money, and we have had to keep on earning something to keep up the value or increase the value of the timber. I would have preferred it, if I had been in a position to do so, to just hold onto the timber, and not manufacture it, and I think I would have made more money in that way, and I am sure in the end that would be the way to make the most money, if one could hold onto the timber. There are a great many new mills that have started in the lumber business within the last year and a half under the stimulus of high prices. The prices looked good and people did not stop to figure what it would cost in the end to pay the fiddler. They have built a great many small mills in rather inaccessible places in some cases, and the result has been a good many failures. The result will be with a great many of these small mills that they will be completely wiped out, because they are unable to tide over any long stretch of trouble.

I should think it would be natural that the larger holders, who have the money to do so, would buy up these small holdings, and that they would gradually be withdrawn from the market, and that as time goes on the holders of these lands will be able to get a higher price for them. That seems to be the policy of the large concerns like the Weyerhaeuser Timber Company. They have already very large holdings, timber that is accessible, and also timber that is now inaccessible, and they are getting hold of timber as they can from time to time, and when any depression comes along, I assume that they take advantage of it to get hold of additional timber. If I were in a position to do so I would certainly take advantage of a depression, because eventually the price of stumpage is going to be much higher than it is now. The available supply is being cut off in the south and in the north, and we are getting other means of transportation, such as the Tehuantepec railroad, and it may not be so very long before the Panama Canal is opened, and with these increased facilities for transportation, we will be able to get into the Atlantic coast distributing points, where we can get, by a short route, into thickly populated districts. The trouble with us is we are operating and selling in a thinly populated district. The country is sparsely settled, and even the sale we have on our regular yard are limited to a rather thinly populated district. We have found sales for our special stock in the more thickly populated districts, and if we are deprived of the profits we have been able to make on those high classed grades of our product we could not afford to ship into the low class dis-

tricts. We must have an average distributing market throughout the country, where we can get an average price for our lumber, and we have to be able to get into a market where we can get a profit for our high class grades. We can get a high price for certain of our grades of lumber if we can afford to ship them and are able to ship them to New York, but the man in Dakota or Minnesota will not pay for that. So, generally, we do not ship that class of our product to Dakota or Minnesota, but to New York.

It is so assumed by those who hold timber and have large investments in it, that sooner or later the source of supply will be the Pacific northwest, and the enhancement in value by reason of that alone, will be very considerable. I have been told by operators in Michigan, that they have made more money on the few pieces of timber land, that they have left, than they made on their operations, and they have advised that we quit operating, that we stop manufacturing lumber, and hold our stumpage. They say if we do that we will make more money than we will by manufacturing it.

The burden of the depression always falls upon the laborer and upon the small and incompetent and incapable holder of a mill property, a man who is not well fixed financially and has not the capacity or capability of meeting difficulties. That is true of any business, more or less, but a number of these men have just recently gone into the business. They assumed that they were going into a continuous high priced business, and evidently on the assumption that the rate which is the basis of our prosperity there would be continuous, they made their investments. I do not think all of this depression, all of this closing down of mills and throwing the men out of employment is entirely due to this change in rates. I think the original cause of it was probably the uncertainty on the announcement of the rate. That was probably a great factor in precipitating uncertainty in buying. I think that no doubt our troubles have been accelerated by other troubles, but we have not had any troubles out there of any kind, until about November 1st, and we had lack of orders as early as July. We find that all other materials have not declined in proportion to the depression in the lumber business.

Last spring there was for two months, from about the middle of January to about the middle of March, a complete embargo on the Northern Pacific and Great Northern. That was on account of some severe snows, conditions of that kind, and when they reopened there was a congestion of traffic for

some time. As I remember it the Northern Pacific never did catch up. The Great Northern furnished an ample car supply for a while, for a short time, I think it was in July. I know they furnished a great many more cars than other lines. I could not tell you exactly what it was at that time, because what I have here is the average. I think from individual cases that it was about the same. I could not give you that accurate enough to make a statement about it.

Prior to 1906 we had better years and worse years in our business. I think we had no years when they were any better than that. I remember 1904 was a very bad year and we did not make very much money. We made something under a dollar. I cannot tell you what we did make. Our business was not profitable in 1904.

Cross-Examination.

I am a director of the Pacific Coast Lumbermen's Association, and in 1906 was Chairman of the Transportation Committee. I attended the hearing before Judge Hanford in Seattle, where the injunction was granted. I remember an affidavit being presented there by Victor H. Beckman, containing copies of statements he received from various members of this Association.

The attention of the witness was then called to the report of the Grays Harbor Lumber Company, in which they say that if these new rates go into effect the result will be as follows: In answer to Question 11, they say they have invested in the lumber and shingle business $300,000; and in answer to Question 8, they say that as the rates go into effect their financial loss will be $100,000 a year. The witness was asked if that fairly represents the situation, and continuing his testimony, said:

I cannot say. I don't know how much he has invested in the business. I don't know that that represents the average. I presume it represents the opinion of the Grays Harbor Lumber Company.

The attention of the witness was then called to the report of the Covington Lumber Company, in which that firm answered Question No. 6 as follows: "In your judgment, how much a shrinkage in the demand do you anticipate from the advance in rates? Answer. Three hundred carloads annually.

"If so, how much financial loss will be involved? Answer. $300,000 annually." And was asked: "Do you think that is a fair statement of the conditions in the State of Washington?"

Continuing, the witness testified:

My answer to No. 6, 300 carloads annually, is on the assumption that he means relating to his business. I really could not say. It might not be that he would lose $300,000 annually on the 300 cars. If he could not ship the 300 cars he might not be able to manufacture at all. I assume it is on that basis. I do not think there are many mills in Washington with a capital of $250,000, that under these new rates would lose $300,000 a year.

I do not know the Gray Lumber Company, I do not know who they are. I don't know what that company means in their report by loss, whether it is a loss of profit or a loss of valuable business. If it was a loss of profit, I should say that where they say that their financial loss would be $24,000, and that they have invested in the lumber and shingle business $36,000, that if it was a loss of profit, it was over estimated. If it was a loss of business, I should say it was all right.

The attention of the witness was called to the report of the Coal Creek Lumber Company of Chehalis, Washington, to the effect that their loss would be $12,000 a month, and that their investment is $150,000. The witness testified:

I am inclined to think they mean the volume of traffic. I do not think by their loss they mean loss of profits, because they never made any such profits. I do not think so.

Exhibit Bloedel A, offered in evidence, page 819, consisting of copies of affidavits served by counsel for the complainants on counsel for the defense before the Commission, offered in the case of the Pacific Coast Lumber Manufacturers' Association against the Northern Pacific et al, pending in the United States court at Seattle.

Continuing, page 823, Mr. Bloedel testified:

We have a subsidiary logging company, the Lake Whatcom Logging Company, that does the logging. We do not do all our own logging. My affidavit in the case in court at Seattle in which I state that our mill was situated at Bellingham, Washington, and employs 570 men, and that the monthly pay roll amounts to $45,000, would be true for the summer months of May, June, July and August, I think, 1907. Before that I think we might have had a hundred men less than that, I could not say exactly; but generally speaking the force was not as large in the beginning of 1907 as it was during the summer. I should say that from January to May our pay roll was less than $45,000, possibly in the neighborhood of $40,000—a little bit less. That includes men employed in the

shingle mill and all around. That includes the two shingle mills; that includes the general estimates of the men employed in the logging camps, not only by the Larson Lumber Company, but kindred interest that were necessary to the progress of the industry. I should say about 200 men in the logging camps. The statements in that affidavit do not refer to the Larson Company's milling operations alone. It is for the aggregate industry, including the getting out of the logs. The cost of sawing lumber, the physical operation, just the straight operation at the mill, was $4.75 for 1906, and with a charge of $1 for general depreciation, that is $5.75. In the early part of 1907 we ran our mill night and day until the embargo was on, and then we closed down. We ran just a day shift after the embargo was on. We do not log all of our own timber. We buy some outside timber and we sell some timber. In figuring up this cost of the lumber, we charged the mill with the average log value, or what the log is generally supposed to be worth, and we aim to be conservative on that. Therefore, in figuring the cost of producing our lumber, we have taken the approximate market price of logs on Puget Sound, and added it to the cost of the sawing. We buy logs on Lake Whatcom, generally of individuals, and sometimes if they ship in by rail. I might say that we do not buy logs in general quantities, we buy them when they are short, sometimes buy certain grades, or we may buy cedar or some other item like that. We do not buy them from any association. I have not made any payments to this association for our business. I have never bought any logs through, and sent the invoice and check through the secretary of the Loggers' Association. I am not located where I do business in that way. That is primarily on salt water. You see we are located on Lake Whatcom, a fresh water body. I should say that lumber that is manufactured at our mill is a pretty good average value compared with the average of the state; that it is probably as good as the average value, and above some of the values in the lower section of the state. That is about the way of it. I think the value of the annual cut in Washington is about $75,000,000. That is the value of the lumber cut. The annual cut is about 4,350,000,000 feet. We take that from the government reports, which seem to be accurate. I don't know about the average value of all lumber in the State of Washington at the mill being about $17.50. I don't know what that figures out. The government report shows, by the way, and we have some recent reports on that, that the average value of the fir was something less than $14, I think.

If there was a dinner at which Mr. Hill made an address, I think it was in 1891. I do not think there was any dinner. About six years after that along in 1897 I made an investment, a small investment, in timber lands, not very large. I presume it was less than $10,000. My interest in my present business is the result of husbanding that investment and borrowing money. I should say, generally speaking, there is an investment of about a half a million dollars in the mill plant; that is, that it would represent that if all items were liquidated according to the value on our books; but that is hardly to be figured, because if the business is not prosperous the mill is not worth half a million, or half of that. The value of the plant depends upon the prosperity of the industry. I should say last spring that I should think the mill value was about half a million dollars. I only own a third of that. That does not include the timber lands, nor the railroad. My proportionate interest in the railroad and the timber lands is the same as my interest in the mill. You must understand that we have borrowed a good deal of money to make these investments and improvements. We have not done this on an investment. I might explain that we had a partner who had a good deal of means, and who had confidence in the industry and in the integrity of the management, and who, instead of organizing a company and promoting it, simply told us to go into business, and whatever money we needed, he could loan it to us; and we have borrowed the money from him and we pay him interest on it, and that is about what we have been doing.

I think this company have something over a billion feet of lumber. We have something like close to 25,000 acres. Some of it, by the way, is logged off. We have figured that it was worth in the neighborhood of $2 a thousand, and possibly more, a short time ago. What it is worth now, I cannot say. Before this question of the rates came up it was worth $2 a thousand. The railroad is dependent upon the hauling of the timber. That is the only business it has, and it would be of no value if the lumber interests are of no value. I think the railroad cost us something over a hundred thousand dollars. We have about ten or twelve miles, somewhere along there.

We do not complain of the increase in these minimums. That increase in the minimum has enabled the lumbermen to move lumber more rapidly than before. It has aided us to move lumber. In other words, it has given us an increased move-

ment of lumber in the same cars, and as there has been a car shortage, it has helped that, and we are very glad that has been done. I did not say that because the white pine of Minnesota and Wisconsin could go into the Dakota and Minnesota markets in two or three days, the farmer was willing to pay a dollar a thousand more than he would if he had to wait. The lumber is all handled through dealers. We do not ship practically direct to the farmer. The farmer does not buy by the carload. He buys in small quantities. What I meant to say was true of the dealers. They explain that they can get along with very much less investment in their business. They do not have to order so far ahead, and there is not the uncertainties as to deliveries and loss of profits by not getting the lumber, and so on. I think if this movement of lumber on these northern roads was rapid, so that we were not tied up for this great length of time we would get that dollar. I think we would have that advantage if that could be done. I think that the reason for the demoralization of the market in the east, where we have our traveling salesmen, traveling out of Minneapolis, was due largely to the agitation and uncertainty about this tariff. We all have our own notions about that. I figure that generally speaking anything in the line of agitation which affects the price of lumber, that is, produces a decline in the price of lumber, creates an uncertainty. In other words, nobody can sell lumber on a falling market. The buyers are sharp, and they take advantage of these things to depress the price, sometimes abnormally. I base that not entirely on the reports from my Minneapolis representatives, but on reports from dealers and from talking with people in the business who are supposed to be affected. On my direct examination I said that I founded my opinion in part at least on the reports I got from our Minneapolis salesmen. Those are largely letters from day to day, and they are on file in our office. I gave a copy of them to Mr. Adams of the Great Northern. I have no objection to your reading the letters in full. I did not give them to Mr. Adams for that purpose, but I have no objection to your reading every word that is in those letters.

The estimation of annual value of the output of the lumber in Washington is about $75,000,000. The estimated annual pay roll, as nearly as we can get at it, is $60,000,000. There is, of course, quite an item of other expenses that enter into that cost, besides the pay roll. I assume that in the $60,000,000 they include the expense of the logs, that is, the getting

out of the logs, or the value of the logs. That is, they are largely pay rolls. It is the lumber industry that is intended by that figure, the industry which produces the logs, hauls it, and finally manufactures it. That is the intention. That figure of $60,000,000 is intended to cover the getting out of the logs. It has been stated here that the average cost of manufacturing and milling is about five dollars. That on a hundred million feet would be $50,000. The balance is the log cost and some other items. On figures like that we are simply taking general estimates that are made. We cannot give you accurate figures.

Our company has no outstanding bonds or mortgages against our timber lands or our railroad or our mills, but I want to explain that the partner I refer to, Mr. Larson, is a man of means, and he has simply loaned us money as we needed it on our notes, on the individual and company notes, without any further security. I think we have something in the neighborhood of $600,000 to him, and also some outside indebtedness, probably $100,000 more of indebtedness, so that the total indebtedness against our plants, railroad and timber lands amounts to somewhere between $600,000 and $700,000. If we had not this partner, who had confidence in the general management, that indebtedness probably would have been floated by bonds and mortgages, or something of that sort, but he was the financial man. The balance would be the same. A third of this indebtedness, it might be considered, Mr. Larson practically owes to himself. C. M. Stafford is our agent at Minneapolis.

Counsel thereupon read to the witness a letter from C. M. Stafford to Mr. Bloedel, as follows:

"Yesterday and to-day there seems to be considerable talk among the lumbermen that when the grain commenced to ripen it ripened so fast that they could not get into the fields to harvest it before the wind caught it and shook out most of the grain, and that they do not know how extensive this loss will be, and this seems to be another reason why they do not feel disposed to increase their stocks.

"The pine manufacturers are now beginning to feel the lack of orders, and in some instances are instructing their men to make a price to sell, but to my positive knowledge it does not bring the orders. There is something peculiar about the same stereotyped story that we hear everywhere almost, regardless of the location, about poor crop conditions, and the further remark that keeps constantly creeping out, that they

now have us on the run. As one man put it this morning—'you fellows are following us up close now for business whereas a short time ago we had to take our hats off to you and ask you to take an order as a favor, but we have you coming our way now.' This attitude makes it difficult to secure orders, even at a heavy discount. To illustrate—I satisfied myself the other day that even a $15 price at that time could not move the cull shipments, whereas if we had an order for the stock we could easily secure $18 or $23."

The date of this letter was August 28, 1907.

Exhibit B, Bloedel, offered in evidence, page 841, being the letter referred to contained in the evidence of this witness. Continuing, the witness testified:

There are practically daily letters relating to the same subject, both before and after; and the reason that I handed these letters to Mr. Adams was to try and compromise this matter before it got into trouble. I tried to show that the condition of the market was being taken advantage of, and that we could not stand it, that we ought to get together. I made importunities in that direction, that the lumbermen and the railroads ought to talk these things over, but they have never come near us, have never said a word to us, simply promulgated the rate without saying a word to us. I gave them, not to Mr. Adams, but to Mr. Somers, the general agent at Bellingham. He is their man. He said he would make copies and send them to Mr. Adams and would show me his reply, and he did; and that reply was to the effect that Mr. Adams would transmit the copies to his superior officers, or some such matter as that.

I did not give the cost of our manufacture in 1905, and I could not tell you exactly. I can approximate it. I think it was in the neighborhood of $3.50, or $3.75. I cannot approximate the entire cost of logging and manufacturing the completed products to us f. o. b. in January, 1905. We do not figure that for any month or for any day. I can approximate it for the entire year 1904. It was probably a little less than 1905, possibly twenty-five cents less than 1905. That is about $3.50 in 1904, I think. That would be close enough, and possibly $3.75 for 1905. Logs were worth about $6.50 in 1905, and we were charging one dollar for the general depreciation and deterioration of the plant. That would be $3.75 plus $1, would be $4,75, plus $6.50 would be $11.25. That is f. o. b. our mill. The cost includes handling and loading. In 1906 I think that the total cost was $4.75, and $9, and something, and

$1—say, $14.75. That makes a difference in the two of, I think, $3.50. I think a fir car siding, one by four or one by six increased something like $23 to $32, or $9 a thousand in the two years from January, 1905, to January, 1907. I think you are right in saying that our fir flooring one by four or one by six, B fir flooring, ten to sixteen feet long, increased between those two dates $5. Fir drop siding one by six, all f. o. b. the mill, between the same dates, increased between January, 1905, and January, 1907, from $17 to $23, or $6 a thousand. I cannot give you those figures, nor can I confirm them from memory. I can only tell you that there was a rapid advance from 1905 to 1907. I cannot confirm the figures of 1905. I can approximately confirm the figures of 1907. I do not know anything about fir car sills, we never made them. We do not handle them. We have handled railroad ties in very small quantities. I think the increase on them from January, 1905, to January, 1907, was about $4. I do not think they were as low in 1905 as $7. I cannot carry the lists in my memory. There are a thousand items on that list. Fir car sills and fir car sidings, that goes usually to the eastern market, where the car manufacturing concerns are located, Michigan City, I believe, and St. Paul and Milwaukee, I think to Detroit and other points.

I do not know that there has been a considerably larger advance in the selling price f. o. b. the mill than there has been in the cost of manufacture. You cannot tell whether you have got the quality out of the logs or not. That is a matter of percentage. If you simply mean the price of those specific items, that is probably the fact, that there has been a greater price advance than there has been in the cost advance. In the selection of lumber as a matter of necessity, the element of fitness and desirability and the demand for certain classes of stock always enter. It is true that the element of desirability, of fitness for the purpose will have no little to do with the ability on the part of the manufacturers to sell lumber. The preference of the public for lumber for the purpose of siding, weather boarding on houses, differs in different markets. Some markets prefer cedar, some use what is called drop siding, some use white pine, some use spruce, some use shingles. It depends on the market. There usually is a section of country where they want one kind. I do not think it is a fact that yellow pine siding is esteemed much less in all the western and northern markets or in the southwestern markets or southern markets than either the fir or the white pine,

if you mean in the drop siding as distinguished from what we call lap siding. If you mean drop siding, why there is practically no difference so far as the demand or the uses are concerned, so far as I have been able to ascertain. I think in the competitive markets the demand for one or the other is dependent on the price. On the other hand I think that white pine of an equal grade would be preferred over fir, because it has the reputation, and the carpenters like it. White pine is taken over fir in certain markets, and on certain grades of business, even though at a much greater price. We ship practically no spruce. We ship hemlock, and we ship it in with the fir, as a part of it. I think there is practically no spruce shipped from our part of the country. We are not in the spruce section. I could not give testimony as to shipments of spruce from points on the coast, or figures. Our stock is not spruce. Ours is not the spruce section, and I would not give you any information about it.

Under the best rates we have been able to place our products right in Minnesota where there are white pine forests, in competition with white pine. As I tried to make clear yesterday, we aim first to get the clear lumber out of a log, and then the long and larger sizes, on which we can get a high price, because our competitors cannot easily produce it. Now, carrying that out, we cannot ship two by four, sixteen feet long, to St. Paul or Minnesota. There are a lot of mills in Minneapolis. They beat us out five dollars or more in price, but we can ship two by twelve, twenty-four feet long, and lay it down there at the same price they can. Their price at the mill in St. Paul, we will say is about $27.25, I think, something like that, and our price is $27.25. that is fixing it on that list you have there as a criterion. That is, there is no price now, but fixing that list as a criterion for comparison. Now, under this forty cent rate we have been going to St. Paul on certain items and competing with them, right there in their own market. We have the benefit from St. Paul of certain local rates into the distributing territory in southern Minnesota, and into northern Iowa and into this section of country (indicating on the map). That is, the lines radiating out of the Minnesota terminal. Those rates are the same for us an on white pine. If they are five cents, we can compete with them on that item. If they are ten cents, we can compete with that. I think that illustrates the question.

Yes, we go to where the white pine grows, and on certain products we compete with white pine. The white pine supply,

according to the best information I have, has increased up to within the last two years, I think, and since that time it has declined. I could not give the exact figures, but it has declined. I am not informed as to the number of feet the cut has declined, but I am informed that there were extraordinary conditions which decreased or diminished the ordinary cut of logs on account of low water conditions in the rivers, which I believe influenced the cut. We get our logs in practically from day to day as we need them, and I think in Minnesota they log entirely in the winter months, and run the logs down in the spring months on the high water, and saw them in the summer season. They are unable to operate their mills in the winter as we are.

I think that the manufacture of lumber has gradually moved westward. The history of the industry seems to show that. The pine of Michigan is largely gone, and the white pine that is left is being used in the arts more largely perhaps, and commands higher prices, but they have a substitute wood. They use hemlock and scrub pine and bull pine, and the stuff which they formerly left. They have to use substitutes to take the place of the one time large supply of white pine lumber. The forests of Wisconsin are largely gone, with the exception of a large quantity of hemlock. There is a large quantity of hemlock being manufactured in Wisconsin. Wisconsin manufactured more lumber than the State of Washington until last year. There is quite a bit of pine in Minnesota and there is in Wisconsin and northern Michigan. There is still quite a bit of pine being manufactured. It is very largely reduced, however. In what you call the prairie states, that is to say in Ohio, Indiana and Illinois, they would find their first supply in Wisconsin or Michigan, except as it would come from the south, from the yellow pine district; but Pennsylvania and sections tributary to it, have their own supply. They have a very good hemlock lumber here which is being manufactured. The pine they would have to draw it from those sources you refer to.

The country west of the Cascade mountains is very largely mountainous, until you get, we will say, within a few miles, or a matter of twenty miles from the salt water. In the section in which I live the mountains come right down to the bay, except in the northern part of the country; but in the southern part of the county they come right down to the bay and its varies so you cannot describe it exactly. It is what you would call a mountainous country in comparison with this country. I think Chehalis is about fifty or sixty miles from

tidewater. To the summit of the mountains I should imagine it is 25 or 30 miles from Chehalis, but to the foothills I don't know how far it would be. I think the foothills are about ten or twelve miles distant. There are sixty miles of timber between that and the ocean, but I described the country from Puget Sound to the summit. When you get here (indicating on the map) you get this vast stretch here that is probably a more level country than it is right on Puget Sound proper. I attempted to describe this territory in general terms, without going into details as much as I could. It is not entirely all mountainous west of the Cascade mountains in the State of Washington; in fact, it is only mountainous close to our territory on account of the way in which Puget Sound cuts in there. There is a wider stretch down below Puget Sound in the State of Washington, practically all covered with timber, than there is on Puget Sound. I cannot tell you how wide it is. I only know the section in our own country, and we have generally considered it a mountainous country. That means Puget Sound. I don't know anything about the country below Puget Sound, except in a general way I have traveled over it. I have traveled through western Washington on the Northern Pacific between Tacoma and Portland as much as any other part. In that way I can describe that, but it is a question of opinion. You might think it was mountainous and I might think it was hilly. You might think it was a cold day and I might think it was a warm day. It is a question of opinion on that subject. Generally speaking, and judging from the best opinion that I could form on the subject, the production of lumber in the State of Washington in 1906 was four billion three hundred million feet. The government reports from the Forestry Bureau for Washington show four billion three hundred and five million feet. My knowledge is based on that report. The western Washington product as distinguished from the eastern Washington product might be called three billion three hundred million feet in a general way.

I could not say any more about the production of merchantable lumber west of the Cascade mountains in the State of Washington than that the total production of western Washington, roughly estimated, basing it on those reports you have there, at about three billion three hundred million feet. On the assumption that the government reports only the lumber which is manufactured for sale, I should say that it was merchantable. I do not think they would estimate slabs or such stuff as that. I want to impress upon you that these figures

are at variance at times. Now, we take government reports and we estimate upon compiled reports from various mills and they might not all agree. I could not say how much of that three billion three hundred million is produced on Puget Sound, any more than you could tell us the number of tons of material that you have moved from one district or another district. I have simply not kept any record of it, and I don't know. If our trade journals keep any record by districts from month to month I have not taken any notice of it. My duties as Chairman of the Transportation Committee do not relate to statistics.

I think in Bellingham we produce something like a million feet a day, and if we operated the year round I should say that would be about three hundred million feet. Now, that might be within a hundred million feet. I could not tell you. I have consulted no record, and have not charged my memory with any figures. I am giving you my best opinion on the subject. I have not kept track of what they produce at Everett below us on the Sound, nor at Tacoma. I know Tacoma is a very large producing center. I think Gray's Harbor has the reputation of being the largest, and Tacoma is second in the state. I do not know how much they produce at Seattle. In the City of Seattle proper I think they produce very little. It is at Ballard, a suburb of Seattle, that they produce the lumber. There are some 21 mills there. I don't know how much they produce, nor how the production at Ballard compares with Tacoma. Ballard is about one hundred miles from Tacoma, and Everett is about sixty miles from Tacoma. Everett and Tacoma and Ballard and Seattle are the four producing points on the Sound, just about. I have not made a study of the producing figures at any of those places in that way. I have not charged my memory with the figures. I cannot tell you the entire production of the Puget Sound district as compared with that on Gray's Harbor. I think the Puget Sound district produces more than the Gray's Harbor district. I could not tell you how much more. I do not know how much western Washington produces. I want to explain that I have not charged my memory with the production of lumber by districts, or points, or locations. That requires considerable figuring.

I cannot give you the amount of the salmon industry accurately. We generally figure that the salmon industry amounts to about ten million dollars a year; that is the salmon fisheries industry. I cannot tell you the number of cases. I cannot tell you the exports of flour from Puget Sound

per year. I think there are in the neighborhood of a thousand mills all told in the State of Washington. I should say that there would be eight or nine hundred in the Western Washington district. I cannot give you the exact figures on the exports of flour, nor how that compares with the lumber business. I could not tell you how the salmon cannery business compares with the lumber business. The general fisheries, I think, are estimated at about ten million dollars a year.

There is some coal production in Western Washington, but not so much as in Eastern Washington. I cannot tell you how many men are employed in the coal industry in Western Washington. There are some large mines near Seattle and some large mines near Tacoma. Roughly speaking, I think the total production of coal would probably not amount to over five million dollars in the western portion of Washington—the value. I was in the coal business at one time for five years, never in the salmon business. I could not tell you how lumber would compare in percentage with coal, salmon, flour, and the number of men engaged in that business in the State of Washington or Western Washington.

I do not know the population of Gray's Harbor. I have never been there. I do not know the population along Wilapa Harbor. The population of Bellingham is about 30,000 people; of Everett, 20,000 or 22,000 people. I do not know the population of Seattle. The re-estimate it every little while. I think an estimate of 250,000 is high, possibly 200,000. I think the Seattle people would regard that as low. I cannot tell you about Tacoma. I prefer not to guess. I should estimate 75,000. I cannot tell you the population of Olympia. It is a small town, the capital of the state. It has a small population. If you want an estimate of the population, it is about 5,000. I cannot tell you the population of Raymond and South Bend, the only two towns on Wilapa Harbor. I estimate that there should be between five and six hundred thousand people in Washington, west of the Cascades, about half or a little better than half of the population of the state.

In 1905 we produced lumber and put it on the cars for about $11.25 a thousand. That included the general average expenditure of manufactured lumber, which included kiln-drying, and included the planing or smoothing, or whatever we did on the lumber. That is not simply the price of rough lumber f. o. b. the cars. The cost in 1906 was raised to $14.95, about that, I guess, and the price in 1906 included some items of finishing, smoothing and anything else that might be done to produce

the product. It included the general average cost. This increase in cost was largely caused by the high price of labor, and probably the inefficiency of it. There was a great scarcity of labor, and we had to use a great many inefficient men, who often could not perform an ordinary day's work, or would not; and the increase in the cost was not only the increase in the cost of labor per day, but on account of the less work done per day. The inrease from $11.25 to $14.95 was due very largely to the increase in labor, and then, of course, I mean that was accounted for by the price of the logs also. You remember the price of milling increased, I think, about a dollar, somewhere along there, or one dollar and twenty-five cents, or one dollar and fifty cents, but the log cost increased largely, I think about two dollars and a half. There was quite an item due to the labor, about one dollar due to labor and two dollars to logs.

Of this dollar which went into the cost of milling, that included the cost of mill supplies, the increase in the cost of mill supplies. In the total cost of lumber we figure our mill supplies according to their actual cost. That has varied a great deal with us. I cannot give you the figures, but it has varied all the way from 20 cents a thousand to 52 cents a thousand in supplies, and I do not know even what an average would be, but I should say it is one-fifteenth of the total cost. I should say, roughly speaking, ten to twelve per cent. supplies, and ninety per cent. labor.

Mill supplies have increased. The cost of common iron and steel was nearly double what it formerly was, and belts and lace leather and such supplies as that went up, roughly speaking, twenty-five per cent. Those are the items that enter into our cost of supplies more thany anything else. I could not estimate how much of this dollar was mill supplies and how much was labor. I could not segregate the values.

Lumber in 1906 was worth an average selling price $16.50. That was the general average selling price of all the lumber we produced and sold. That was the average price which we actually obtained.

There were several changes in the price of two by fours at the mill in 1906. They rose about three dollars I think in 1906; that is three dollars a thousand. That was in short lengths. Some of the long lengths did not rise as much as that, and some longer lengths went more than that. In other words, we would stop at sixteen feet, and then eighteen by twenty got a bigger price, and twenty-two by twenty-four. I

think the two by fours, short lengths, rose either two dollars or three dollars per thousand in 1906. There was a rise in February, 1906, of two dollars, and my impression is that there was another rise in 1906 or the first part of 1907. I am not sure about the time. The list I think on the first of August, 1907, was about thirteen or fourteen dollars. I think, if Mr. Beckman says in his paper $13.50, that would be about right. I could not tell you what the same class of timber was worth at Minneapolis at the same time from memory. I think I can tell you by referring to a Minneapolis price list here. This list is dated December 8, 1906. I am not sure that it was effective the first of August, but I assume that there were not many changes. In December, 1906, the price of two by fours, ten to fourteen feet, or ten to sixteen feet, was $21.50 on board at Minneapolis. We do not make one by four drop siding. That is figured on a fence grade. I think our drop siding would go as an equal of their number three fence. I am not competent to judge though as to equality of grade. Some of our salesmen could tell you about equality of grade better than I could. On the basis that it is No. 3, their price was $18.50. No. 1 grade, $27.00 on sixteen foot lengths; and $26.00 on ten to fourteen foot lengths.

I am familiar with Minneapolis prices, and sell there all the time. I go there about twice a year, and I keep in general touch with them. I will give you the figures on the different grades at Minneapolis; on the one and a quarter inch finish B select and better, $65.00; C select and better, $49.00; D select $39.00; No. 1 shop common $43.50. That is inch and a quarter, probably about 12 inches in width. One by eight, common boards, they have about four grades or sometimes five. The quotation here is on one by eight common boards, ten feet, $31.00; twelve feet, $31.50; fourteen feet, $30.50, sixteen feet, $30.50. That is grade No. 1. Now we have that down on a No. 3, $22.50, $22.50, $22.20.

On No. 1, one by eight common boards, the prices were thirty dollars or thereabouts, first grade; and our stuff was worth at home, the same class of boards, about $14.00 or $15.00.

Of course, there is a radical difference between No. 1 white pine board and a No. 4 board. No. 3, $22.50, is the price of a twelve inch board. An eight inch board would be worth, according to this list a dollar less. They vary in prices on widths and lengths. For common boards, white pine boards, are very much better than this. For two inch dimension stuff,

they are not so very much better, but for boards, the white pine knot is a sound knot and the board will admit of a great many knots in white pine, a great many more in white pine than it will in fir. The fir is a case knot, and this knot is very apt to dry out and fall out, so that the fir is not so desirable. Where we can make the stock thicker, then the white pine in that regard is not so much superior. Our first class common boards, are supposed to have a fair percentage of knots. They admit of no very large knots. They admit of medium sized and small knots. They do not sell in competition with first class common white pine boards. They sell in competition with about a No. 3 or 4 grade of white pine boards. We cannot compete on an equality of grades with white pine. Where their rates are ten cents or twelve cents, we can compete on 40 cents. The only difference would be in the quality of the products. The quality of our common board is not as good. Take the two by four, short lengths, that is twelve to sixteen feet, we can compete and pay 40 cents. I think on the same grades, the builder or user of lumber would prefer pine. That seems to be the general impression, always where pine has been used, irrespective of price. That is, the price cuts considerable figure, but you would use pine. We can only compete as against the white pine on the matter of quality by overcoming that objection by price. I cannot state a stipulated amount of difference in price that we have to have in order to overcome this difference in quality. It largely depends upon the preference of an individual. Some may say, "Well, I will not use fir at any price." Another man may say, "If I can get fir at a dollar lower I will use fir." It is just a matter of choice. Sometimes our salesmen at Minneapolis tells us about how much less we have got to make our prices than the white pine in order to sell our product. It depends a good deal on conditions there. If white pine is short, why then, they will take fir. Generally speaking, our salesman does not tell us how much below white pine prices, on various grades and different qualities and different kinds of stuff we must go in order to sell our product. That is a matter left entirely to him. I do not question his judgment. We have got to get the price F. O. B. the Mill, but as to the competing price, we have not kept such close track of it. We leave that to him.

Prices of Oregon and Washington fir below white pine very largely, so largely on each of the grades that I could not give you any intelligent answer. As to how much below fir must

sell in order to sell at all. Taking two by four, six, I do not think the ordinary man would care very much whether it was fir or white pine; but taking boards, he would prefer white pine. Where it has to be worked, the white pine is softer lumber and easier to work with the plane; but for common rough purposes, for sills or two by fours, I don't think he would care a great deal, generally speaking. However, in the aggregate, he would take white pine at the same price in preference to fir. For a four by four, thirty-two feet long, he would probably take fir, because that is a stronger material, where strength is required.

Generally speaking, I know how much it costs to make shingles at the mill but I haven't any specific estimates of cost. I have figured it up but I haven't it in mind. I am interested in the shingle mill, but I have not charged my mind as to the particular figures in the shingle business.

(Bloedel Exhibit C, offered in evidence, record page 892, consisting of price list referred to in his testimony.)

Mr. Bloedel (continuing) testified: I want to explain that the lists of white pine vary very greatly, and that is the list of December, 1906. There may be other lists. They vary very much from time to time. They might vary on some items five dollars, or other items nothing, and they might vary on some less than five dollars.

Re-direct Examination (Record, 893).

1904 was not a profitable year in our business. I cannot say that we lost any money or made any money. It was a very trying year. Labor was very cheap and lumber was cheap. The average cost of production of our product in 1904, which I stated, was $11.20 a thousand, was based on $3.50 and about $6.25, I think for logs. That represents the average prices computed of cost to us. It does not represent the cost of any one grade, but represents the general average cost. That increase in labor added to the cost of the logs in the same proportion and even greater. The average price of our product at our mill in 1906 was about $16.50. That average price was affected by the increase in log rates resulting from the San Francisco disaster. There was an abnormal demand for lumber in San Francisco. Those who were so situated that they could ship by rail or water took advantage of it, and it withdrew from the rail market a large portion of lumber

which abnormally increased the demand, and conditions, generally, for our lumber. In addition to that there was a large railroad construction going on, and there was a great deal of lumber demanded for railroad purposes, and in North Dakota also.

Immediately following the year of 1904, the lumber market was not prosperous nor the trade profitable at that time. It began to improve in 1905. 1905 was what we call an average year for the year. The first part of it was rather poor and the last part was good.

This increase in prices applied more to the upper grades, that is, applied higher to the upper grades than it did to the lower grades. More in dollars, and there was a general advance.

The average price of Washington or Douglas fir, as given for the State of Washington, in the last Governmental statement is $14.34, and the average price of white pine is given as $18.32. The general average of fir is $14.20. These prices are supposed to be the average mill value of lumber by state and species for 1906. The price of white pine given is the average of all states producing it, $18.32. There are a great many states that produce some white pine. Take Michigan, the average white pine price is $21.22. Take Minnesota, the average price is $17.46. Those are probably the largest producing places.

That total average is $18.32 for the various states.

The report I have here is a publication of the Forest Service, United States Department of Agriculture, circular 122. It is entitled "Lumber Cut of the United States, in 1906;" issued on December 11, 1907, just out. The year 1903 was a good year but during 1904 the year was a bad one. I think the average variation between January, 1904, and January, 1907, was greater than the variation between January, 1905, and January, 1907.

EVERETT G. GRIGGS for the complainant (Record, 901):

I am President of the Pacific Coast Lumber Manufacturers Association, and am connected with the St. Paul & Tacoma Lumber Company, located at Tacoma. I am second vice-president of that company. The mills of that company are located at Tacoma, Washington, and the output of the mills there was 120,000,000 feet last year. We have $1,500,000.00 capital stock, which is all invested in our property. There are no affiliated

or subsidiary companies connected with the St. Paul & Tacoma Lumber Company. We have other companies in which we are interested. The parties in interest are interested in other companies. We live at Tacoma and are interested in a good many things there.

I think a year ago I figured up about the freight which our companies pay per year to the Northern Pacific Railway, in reference to something I was asked to prepare, and I found that companies in which we are interested pay them something like $800,000.00 in one year freight. That is, the companies in which officers of our company are interested, in developing the country out there.

The St. Paul & Tacoma Lumber Company own timber lands. We supply our own logs and buy logs in the market. I believe that since we commenced operations, which was in 1888, when we organized our company and went into that country —and I have worked up in the mill until the last several years, when I have been vice-president of the company—in my connection with the development of the business, in the efforts which we have made, located as we are on tide-water, and on the Northern Pacific, and developing every possible market we could develop for our output, that there is no question in my mind, but what this advance in freight rates cannot be absorbed. I do not answer particularly with reference to our own company, because I think we can close down and reduce our output shipped, foreign and shipped elsewhere, to our own yards. We have 12 in western Washington, established for this very reason, and we have fortified ourselves by 12 years' business, so that we can pass through a panic and find a market for our lumber; but I believe it will so affect the mills that are located on the rail routes, that are dependent absolutely on this market, and the market which is created locally in their districts, for the use of the better grades of lumber, which are re-manufactured and then shipped, that it will put them out of business. I do not believe that a mill that is not able to stand the $3.30 on common lumber is going to weather the storm.

To a certain extent is affects every mill. The mills that are on the rail shipping points, if they attempt to ship their out-put by paying locals, and getting into the tidewater markets, that is generally ruined by the too much dumping of stock there, and we are generally located on tide-water, so that we can meet that competition. The only way that the rail mills can get into that market, is, when our price is advanced

to such a point that there is a profit in rehandling the stock, they may be able to ship some of their stock. I think to that extent the rail mills would have to handle the business.

There was a billion, three hundred thousand, of the lumber that is shipped east, shipped by rail, that represents clearly one-half, possibly, the capacity. That is a little less than one-half—about one-third, perhaps. But it represents more in practice, because you take our own case, and take the Puget Mill Company, the Port Blakeley Mill Company, which has recently burned, they are out of business now; they are heavy competitors of ours in export business. Take these large mills, and they are located where they can ship to California and the export markets. I think that when business picks up we would be in the same relative position to the other competing woods that we have always competed with, and would be in a position to hold our own, unless the yellow pine and white pine people had a change in their rates. We have fought for a territory for some years against the competition that we have met with, which competition has been very keen. Our company has spent $200,000.00 since it has been there in advertising and developing the industry. It has brought people out there to test our wood, and we sell largely all over the world; we have done that in our effort to increase the market for our stock. We are probably better equipped than most of the mills out there because of our long continuance in the business and the connections, we have made to handle the various grades of stock that come out of our mills. We established our own yards, which we control, twelve of them in Eastern Washington. We have our own yards in California —or an interested yard in California. We did have, some ten years ago, a yard there and sold out, and then we established another one at Los Angeles, and we have today, yards all over the country that we could reach—Spokane and closer to Tacoma.

I do not think under conditions as they existed on November 1st, 1907, that the lumber mill industry in Washington could absorb the advance in rates. I do not remember the figures exactly relating to the total amount invested in the state in mills and logging outfits. We have in our plant all our capital invested, $1,500,000.00, and there are 15 or 20 others like ours. I should say that the gross pay roll in the lumber industry runs between $50,000,000 and $60,000,000. That includes the allied interests to the logging business. Logs are part of the cost. It would be a little more than

that I should say. This advance in rates would represent approximately $2.50 a thousand. I think it would average that on the lumber shipped from Washington. That is, assuming the shipments were the same as in 1906. For one concrete instance, I think I heard a railroad man say it meant seven hundred thousand dollars to his company last month; that is, he would have been affected to that extent compared to the year before. That was the Northern Pacific Railroad.

I feel, that representing the Pacific Coast Lumber Manufacturer's Association and the general business out there, that a good many facts have been brought out in this case, which probably have shown the Commission the effect this adavnce in rates has had and will have upon the entire industry; but as far as the large plants are concerned, I think it is fair to presume that those who have been in business long enough out there and have invested a good deal of money, that it cannot be questioned that we are going to make some money in time. We have been through panics before, and we have fortified ourselves for these conditions. Some of the men are able to operate and carry their stocks. Our own mill carries from 10,000,000 to 20,000,000 in stock. We have plenty of ground to pile it. But the relative values of what you are making and losing cannot be determined offhand and cannot be determined when the actual, final results are not evident. For instance, we have a large amount of lumber on hand today ourselves. We ship the better grades east; we ship such stock east as will compete successfully in New York and all the way across the continent, and if we cannot sell those products, and if we are driven back by this freight rate for a limited portion, it simply reduces the average price we get for our product. The business is operated on the law of averages, I suppose the same as the railroad people operate their business. I have not been able to determine from the conferences we have had with the railroad people, how they can tell they are losing so much money. We have seen their railroads in the hands of receivers. That has been true with respect to the Northern Pacific Railroad and the Union Pacific Railroad. We have seen hard times, when it took everything we had to carry our business through; we have all been through hard times, but we have all made money. The Northern Pacific is certainly making money, or at least we are sure of that from the general reports that we have gotten; and, we have been making money.

To deprive us of any territory we are now in will certainly

affect us, will affect all the mills in that section that have not sufficient capital or stumpage value to feel that they can stand this advance. We can sacrifice lumber if we can sell into another market, and our average price will still be good. The way this affected our business and I have been in pretty close touch with the selling of lumber in Australia—I can show you. In the instance I think of, one of the heaviest buyers we have had was a buyer who bought for Australia. We have sold a great deal of lumber to Australia. This buyer called on me sometime in the middle of last year. He is in close touch with the New York conditions, and he is a man we have sold enough lumber too to know that financially he is thoroughly responsible; and he informed me at that time that we were going to see an era of low prices, largely by the fact that he had definite information in New York circles that this rate was going to be put into effect. I never believed that it would be put into effect myself; I do not believe today that the Northern Pacific Railroad—and I know more about that than any other railroad—can operate their business with the demoralization that will come about by reason of this increased rate, resulting in a reduction in the demand for lumber; I do not believe they can operate their business without restoring the rate, or giving us a better rate, that will expand our territory.

This man informed me that he would not place any orders for lumber to Sidney, Australia, because our prices were too high, and he expected a drop in the business. That is the way it has affected the export business to Sidney, Australia. We have shipped eight or ten million there ourselves. But the whole effect of the agitation of the freight rate at that time gave us a declining market, and we, who have often carried on our books, orders for six months in advance—and you have to do that in order to handle steamers and vessels—felt the effect of it in every market we reached, simply because the buyers are shrewd, and they are better posted than many of us—and he certainly was better posted than I was because he gave it to me straight from his conference in New York, that that rate would be put into effect.

I know the rate of movement of cars per day on the Northern Pacific Railroad they have moved in two or three comparative years. I only know the facility with which we can or cannot get cars. A condition prevails at Tacoma that I have not seen for four years and a half. The railroad people have asked us if we needed any of the cars which were

idle in the yards; they have telephoned our men to find out whether we had any orders to ship. The condition was so acute, and has been for two or three years, that we have pushed our business stronger to other markets. You take a plant of our capacity, and it gets out of one market and somebody else gets into that if they can get cars, but the market is so sensitive, and it is cut up in such a way that if we get out the other fellow gets in, and I have always felt that if we were making money in the other territory that the other fellows were entitled to that territory into which they got. The side tracks as full of cars in our vicinity now. I can only tell the average cost of the manufacture of lumber. I do not think there is any way of telling the precise cost of any part of the product.

Cross-Examination. (Record, 916.)

Our people have been in Tacoma since 1888, 1889, and I went out there, and in 1890 I went into business. In 1894, one yard was established in Eastern Washington, and then every year we could put in a yard, we put one in as that country developed. Our mills were built in 1888, and we began shipping over the Northern Pacific I think in 1899. Those mills were built in pursuance of a contract our people made with the Northern Pacific Railroad, I think, in May, 1888. I do not think we had a contract with the Northern Pacific Railroad, by the terms of which our people agreed to build two mills. We never agreed to build more than one mill.

(Griggs' Exhibit No. 1, offered in evidence, record page 919, being the contract between the Northern Pacific Railroad Company and Chauncey W. Griggs and Addison G. Foster et al., referred to by the witness. This contract is copied in the record from pages 920 to 949, inclusive.)

(Continuing) Mr. Griggs testified:

That is our regular contract. That was signed by Colonel Griggs, Mr. Hewitt, Mr. Jones, and the parties interested.

We did not make ninety million feet of lumber each year since that contract went into effect. We have complied with that contract or it would have been cancelled I suppose,—to the extent of our ability to get cars to ship it. In 1888, I think the rate on lumber from Tacoma east to eastern terminals was 60 cents, and during the period of that 60 cent rate most of our eastbound lumber went generally speaking along the line of the Northern Pacific Railroad; we got into the

Dakotas possibly. I cannot give you just where we did ship. The country was then undeveloped. We shipped wherever we could get in with the stock, and we picked the cream. We were about the first people out there developing this eastern business. We have always had the pine and the other woods to compete with in the Dakotas. We could get into the Dakotas with very little stock against Minnesota, Michigan and Wisconsin pine, except on clear absolutely perfect stock in 1888. I cannot tell you what proportion of this 60 per cent. of our total cut after May 2nd, 1888, went to the Dakotas. I cannot remember the other points to which our cut went. I cannot tell you. I can tell you how much lumber we shipped by rail but I do not know where it went. I can give you the amount of lumber we have shipped by rail since 1890, but I have not it with me. We can show what we have shipped by rail but I have not the figures showing the destinations. That is, in fact, for all kinds of lumber shipped by rail without regard to where it went.

At that time there were hardly any people in Eastern Washington. There were very few people in Idaho. There were not many in Western Montana that I know of. I think we shipped a good deal of this lumber to the Chicago, Milwaukee & St. Paul Railway Company. They took it, I think, at Minneapolis, St. Paul or Minneapolis. As years went on we developed a good deal of car building material. We shipped a good deal of car building material to the railroad people, and shipped some to the yards as they were established along the line. We kept traveling men along the line to solicit business, and worked up a large business that way. I could give you the dates when these twelve yards were established. We started in 1894 with one yard, the Yakima, and as the country has developed, we put in others as the conditions warranted us to do so.

I am President of the Pacific Coast Lumber Manufacturers' Association, and I received a request from Mr. Beckman for a statement of the effect that this rate would have upon this business. I do not think I answered all the questions he had in there. I attended the hearing one day before Judge Hanford on the application for the injunction. I did not hear Mr. Beckman's affidavit. I did hear the reports from the various lumber companies. Ours was not among them. I did not make a return to Mr. Beckman of the loss I would suffer because I could not estimate it. I do not think anybody else could either, exactly.

We manufacture shingles. Approximately the labor will cost from 50 to 65 cents. It depends on the condition. It is about the hardest bunch of men we have to deal with. I should say off-hand that is the cost of labor on shingles. The material depends on the price of cedar logs. A thousand feet of cedar logs will make about 7500 to 8000 shingles. The range of price of cedar logs during the past five years has been very high, a very big range. Cedar logs have sold as high as thirteen dollars, fourteen dollars or fifteen dollars recently. The lowest price in the last five or six years was four or five dollars. Sometimes we have left it in the woods. We gave it away or left it in the woods when we started in business. It would be hard to tell the range in the price of shingles during the last four or five years. We have received for shingles in the last four or five years all the way from 75 cents to $2.25.

We will assume that Star-A-Star is a standard for this examination. That is generally the basis we figure on, the Star-A-Star. $2.25 is not the highest price we have received for Star-A-Star. I think $3.75 is the highest price. When I said the range was from 75 cents to $2.25, I probably did not give that quite the consideration I should have given it. That is due probably to the fact that we had a car we could deliver, and they were willing to pay a premium for it. I do not think it was up to me to produce a set of the St. Paul and Tacoma Lumber Company's price list for a number of years back. I do not think it is necessary to bring that into the case. That is the way I looked at it. We never asked the Northern Pacific to reduce their rate if we were losing money and we did not think it was necessary to talk to them if we were making money.

Mr. Blakely asked me for a price list of the Pacific Coast Manufacturers' Association. I did not produce that.

(Witness was then handed a note signed by himself, addressed to Mr. Henry Blakely, General Western Freight Agent of the Northern Pacific relating to the production of price lists, which note was offered in evidence, record page 965, marked Griggs' Exhibit 2. This Exhibit is shown in the record on pages 963 and 964.)

I don't think I could furnish a complete file. I did not have a complete file and I did not care to give a few. There was absolutely no motive in that kind of a reply. In saying I did not care to submit them I meant that the lists do not mean anything. I do not think those lists pertain to this trial at all.

From my knowledge of the business of our Company I say that from 1889 down to the present time our rail shipments have not given us a profit of 15 per cent. I cannot tell you offhand whether our cargo shipments have given us a profit of 15 per cent. I can tell you, generally speaking, but I cannot tell you just what the cargo business and the other business was. I know we have not made any such money in each of the twenty year's operation. It was up to the Northern Pacific to cancel the contract if we did not comply with it.

When we started operations we had never cut a stick of cedar or any hemlock and only spruce as we would come to it. The market did not warrant handling it. Since the existence of the contract I think we have shipped all those kinds of lumber. Generally speaking, I have an idea as to the percentage of each that we have shipped. Out of one hundred million feet cut we would probably cut about 65 per cent. fir, say, and more than that. We would cut about sixty-six million feet of fir and nine million spruce and hemlock, and the balance cedar or something like that. Our fir varies so much I could hardly tell you where the most of it goes. We would ship a great deal to Chicago on contracts for car construction work, to car construction companies a great deal, and a great deal to the yards, and a great deal to our own yards. Except in spruce car sidings, fir lumber is altogether used for car construction. Spruce siding was used. I do not know how it is now. We never got enough of Hemlock and spruce so we could build up any trade on it. We would sell it locally, to work it up in boxes, but we would ship our clears east; our clears go into bevel sidings.

We began to ship hemlock and spruce as we came to it in the timber that we were operating. I cannot tell you about what year that would be. I suppose we cut some spruce back in the 90's. We hardly made a fairly good profit on hemlock and spruce. There is nothing we could sell except just the clears and the cost of the logs is sometimes such that we would have to waste a good deal. Carrying that east we would always be against competition. We had to introduce these woods largely; they were not known at that time. We had to work them up, and it was only after 1900 and 1901 that we began to make a reasonable profit on them.

Our Company always operated conservatively, and we never took a dollar out of the business, I think, until 1897. We made money on our fir at different times. It depended on how we operated in the timber, and in what timber we were operat-

ing, and how we cut the logs. If we cleaned the country up, just cut the cream, we might make a little money. We never cut below a certain diameter. I know it is not a fact that the Pullman Company uses nearly altogether spruce and fir except for inside. We are always in competition with them; the southern pine and yellow pine is in competition with us, and a year ago I think I was beaten by yellow pine. I don't remember whether it was the Pullman people. I cannot tell you about the Pullman people. I don't remember at what we offered that lumber.

I think the pay-roll on the lumber industry over the state of Washington was fifty million dollars. Over three billion, probably four billion feet are cut in the state annually, including eastern Washington. On the logs and lumber I suppose the pay-roll on that alone would be $12.50 per thousand feet. A large item of expense in the handling of forest products is labor, and always has been. It is not the tree that costs so much.

I do not remember exactly, but I got the impression that this Northern Pacific man said that this rate would make a difference of seven hundred thousand dollars a month to his road. I do not know anything about the records of the Northern Pacific. I simply quote that statement just as it was given to me, and do not undertake to vouch for its correctness. But I merely give it as an impression. It was a general talk and conversation. I knew this meant a great deal to the railroad company. I got the impression that it meant seven hundred thousand dollars per month. There is no use of your questioning me on it. That is my impression.

I do not know anything about the percentage of the requirements of the retail lumber yards in Nebraska, Kansas and other Missouri river points. I run twelve yards of our own, and I know something about the yards in eastern Washington, but I do not know anything about the district to which you refer. I know we cannot compete in Nebraska and Kansas on the common stuff and dimension lumber, not so we can make any money, on the old freight rates. There are possibly some points we reach in Kansas and Nebraska in the Missouri river territory, but let me state that in connection with the lumber yards in those particular points, if our men go to them they will say that they use a large percentage of common lumber, and they will say they will buy that in the markets where they can get that right, and very often they will make up a car of what they want.

The St. Paul and Tacoma Lumber Company has the largest double capacity mill in the state. We have two mills. I won't say exactly what we have sold or what territory we have reached, but I know we could not get into Kansas and Nebraska with anything except the upper grades as a rule. About 75 per cent. of the production of the Pacific coast states, 68 or 70 per cent. is common and dimension lumber. In selling our common and dimension lumber we strike an average; we go on the law of averages. I do not figure what the common costs us to produce; I figure the average. It cost us last month on the average to produce lumber, as I remember, $5.90 on the pay-roll expense alone; that was October. I have not the figures of the average cost for producing lumber for the year 1906 in my head. At the present time, very little of the common and dimension yards' lumber can find a market in territory taking a 50 cent rate. The bulk of our business up to say, September, 1907, and at all times to the Missouri river territory, has been clear finished and beveled siding, and clear siding, and shingles. I do not think we have sold much ceiling or much flooring lately; maybe we have sold some. Flooring is the best grade stuff we make. They get flooring in Kansas and Nebraska that beats me out, and I can make more money somewhere else. It depends on our export business. If we get into another territory we generally go after that, and if we cannot get into this territory and sell anything we can find some other place. I think the raises in rates into Kansas and Nebraska territory, and east, will affect the sale of our common and dimension stuff. We have a good many mills, and if they cannot ship their low grade in there will get into our other markets, and in that way it will affect us. I would not say that is the only effect. It affects us if we want to go into that market and have no other market. We have worked that market pretty strong for certain grades that we had to move there. Not very much common. We do not sell very much down there. We never particularly sought that as a market except for the grades we could meet competition on.

We never sold common in Colorado. The price was too low generally for us there. We have sought markets all over the country wherever we could reach them. If it was timbers it might be that it would go further east than the Missouri river. We have shipped ladder stock and wind mill stock. That is, we generally ship the good grades, but some others ship common. There has not been a very heavy demand for that but it all helped out; but some was shipped.

We shipped a good deal of ladder stock, a good deal of it to New York. I can hardly tell you how much. We ship that all over the country, and into New York state. The freight rate on that ladder stock to New York state is 72-1/2 cents. We were able to ship that stuff at 72-1/2 cents. We have a man in New York. We ship more or less lumber there.

Outside of this ladder stock we have shipped east of the Missouri river, car material, car stringers, timbers, stock that we could compete with in the yellow pine market and the southern pine market. We have left a good deal of that market east of the Missouri river for ordinary common boards, and ordinary four by four's, and small timber and things like that, to other people; and that was the reason we established our own yards, so we could handle our plant. I have endeavored to work that market, but I found I could not work it to any advantage to ourselves compared to the other markets we were able to find.

We send a man to get business, and we meet competition, and if we cannot handle it in any other district, where we can make more money, then we send it into Colorado, Kansas, Nebraska, or any point east of the Missouri. Depending on the competition we would meet at that time, we have found other districts where we could make more money than we could if we sold this stuff in that same territory on the rates as they existed previous to the advance. We have sought every territory we could seek where we could place our outputs. We have never found any sale in that territory for any considerable quantity of our common stuff without a sacrifice to us.

(Witness was here shown a price list and asked whether he sold on that list or pretty close to it.)

Continuing Mr. Griggs testified that he did not. That list is made a dollar higher than the ordinary list of mills I think. That list is a dollar higher than anybody else on the Coast, I think. We got the prices on that list sometime. We were not able to ship the stuff, so we did not get the business. When that list was gotten up, business was excellent in our districts, and we could not work that and so I thought we might as well have put out a list that was $5.00 higher and keep the inquiries away. We could not ship it. We aimed generally to sell on our own lists. I do not think it is a little lower than the list we had in 1906. Maybe some items have changed.

(Griggs' Exhibit No. 3 offered in evidence, record page 989, being the price list referred to in the testimony.)

We compete with Portland but we do not compete with Portland mills, except in Chicago, possibly, and in New York. We cannot get into their territory. We both ship ocean I think. Inman Paulsen and the Eastern & Western Lumber Company, at Portland, possibly ship more to Shanghai, China, than we do. We ship by ocean all over the world. I think they do, too.

We are competing. They do not cater for a certain business that we do. Their logs run a little different. This price list does not have anything to do with Shanghai or outside; that is nothing compared to the rail business. We have a very much higher price ocean, but we do not at all times sell our ocean stuff on a higher price list. The ocean price fluctuates very rapidly and the quality of the timber that is shipped on an Australian market is entirely different from the quality of lumber we can ship east. The price list of the Portland mills would only indicate what our prices would be in the markets where we compete with them. I do not think their lumber is altogether the same as ours. They have a good deal of red fir and some yellow fir. They cater stronger to the China trade. There is more No. 2 I think, than there is on the Sound. It depends altogether on the section you are operating in, whether your lumber runs higher in clear stuff than the Columbia River stuff. I do not know whether our lumber runs higher in clear than that. The timber of the Portland mills, is more No. 2 than ours. They get some pretty good timber from the State of Washington though. I imagine their yellow fir cuts about as ours does. I have seen some very good logs from some of those mills.

We generally figure 2000 pounds for 1000 feet of kiln dried stock that we sell east of the Missouri River. That is what we figure our weights on. This kiln dried stuff does not weigh very much. It depends on the character of the log. It might be a little less. We have very carefully constructed kilns, and operate very carefully, and bone dry our stuff and cook the pitch out of it. Some of our stuff weighs a little less per thousand. It would not vary 100 pounds. I am pretty sure about that. It might be a little less. I do not think I have ever seen it get below 1875 pounds. It depends a little the way you make it whether it is one-half inch or three-eighths or five eighths. I do not think we have inch boards that come down to 1800, unless they are dressed three-quarters.

We never dry our shingles below 160 or 165 to the 1000. It runs along in there. The production of our mill runs common lumber or poor lumber, depending altogether on the character of the timber we are operating in and the markets we are able to reach. We can increase our output on certain timber if we have a good market for that character of lumber. We aim to do that, and so it varies. I think one year we had 68 per cent. common or better, and the balance was select and better—no, not the balance; all but 5 per cent. Probably 2 to 5 per cent culls and stuff we could not market. Sixty-eight per cent. common. That is the year I think I figured on.

I cannot give you our total consumption of loss. We buy a good many logs; we buy a good deal of timber that the Northern Pacific Railroad Company does not have anything to do with. We cut from 100,000,000 to 120,000,000 a year. In 1901, we built the second mill and increased our capacity. We aim to control our output by the condition of the market. We have two mills, so we can close one down, or run them both, or run them night and day. We have about 500,000 capacity.

I think we sell common and dimension stuff in Minnesota. A good deal when the price gets where we can—well, they are specialties and things that they cannot get elsewhere. We sell some common stuff like common boards and four by fours and that sort of stuff in Minnesota. It has been a profitable market. The fluctuations of the yellow pine and other woods keep us chasing for business. I do not think we got much business in 1906 in Minnesota. We sold some big contracts to one concern, I think in St. Paul. I have forgotten what it was; I think it was a railroad company that bought some of that, or a contractor for one of the railroads there. It was the average run of timber 8 by 16 and 12 by 12 and 8 by 8; 24 and 32 feet long, or something like that. I think we sought and obtained a market in Minnesota in 1906 for smaller size stuff than that, and common boards. Our records will show what we shipped altogether, but I have not segregated it by states. We sold some hemlock boards one year to the Minnesota Transfer.

We have bought logs in the open market. The amount of our output that we buy that way varies; sometimes one-half, sometimes one-third, and we generally aim to buy almost as much stumpage as we cut. I cannot tell you how much

timber is remaining on the lands covered by this Northern Pacific contract. We have a good many million feet of timber still covered by this contract.

Redirect Examination. (Record, 1000.)

Referring to this contract, containing the stipulation: "and the company;"—meaning the railroad company—"Agrees that the rate of freight on lumber and other products of said timber from Tacoma to points north of the latitude of St. Louis, Missouri, shall be as low as from Portland, Oregon, to same points," they have not complied with that. They have not given us as low rate as from Portland, Oregon, to the same points north of that latitude.

Referring to the stipulation in the contract as follows: "The Purchasers further hereby jointly and severally covenant and agree to and with the company that they shall ship at least 60 per cent. of the lumber manufactured from the timber cut on the land aforesaid to points east on the Northern Pacific Railroad and beyond, provided that the company shall, so far as it lawfully may, fix such rates and charges for transportation, as will enable the purchasers to compete in the interior and Mississippi Valley lumber markets," this advance does not give us such rate as will enable us to compete in these markets.

It puts us out. This contract does not bind us to pay sixty cents a hundred pounds. That was the existing rate to the Missouri River at the time the contract was entered into. The Northern Pacific was the whole thing in that country at that time. Under this contract we purchased whatever land the contract says. Tacoma was just then commencing. The railroad company retained the coal, I think. The purchasers named in that contract were not my predecessors; they are my present partners. I was working in the mill in those days. We were supposed when that contract was made, to have rates to compete. I think I made a demand upon the Northern Pacific Railroad under the terms of this contract for a rate into Missouri, Kansas and Nebraska territory. I have talked that at different times. We never saw fit to cancel the contract because of any such breach. We worked up other business. The penalty is that we are not required to ship into those territories. That was all. I never had any controversy over the workings of this contract.

The reason we have bought logs in the open market when we could take timber at 50 cents a thousand and ship it into Tacoma under this contract is we think our timber is worth considerable money, and we have held on to it for fifteen years, and panics have not broke us, and we are able to hold on to it some time yet. The price we get for our cargo shipments and for our rail shipments on the average of the same grades fluctuate. We got eighteen dollars this last year for export. We do not sell the same grade east. The common lumber might go to California but not export. We get higher for export lumber than for rails. It fluctuates. Sometimes for export business we get very high prices. I can only tell you the difference in the cargo price of 1906 as against the rail price in 1906 for the same grade of lumber, on a comparative basis on lists. Export prices last year ran from fourteen dollars to sixteen dollars and eighteen dollars; and No. 2 on that list would be two dollars a thousand less. It is entirely a different trade and entirely a different market, and an entirely different method of shipment. We handle it by steamers or big cargoes and assume the demurrage and get a different grade of lumber; the prices on the rail list I gave you, I think the price was fourteen dollars or possibly less, and a dollar off would be about thirteen dollars. That same grade of lumber might be figured at thirteen dollars. Probably the difference would be a little more than over two dollars or three dollars sometimes. Today it is off about five dollars. You cannot sell it. My mill for the first time, has not any export orders on its books. We are loading a government contract today, or we would have to shut down. I said that this increase in the rates affected the export business on a declining market.

WILLIAM A. WHITMAN (Record; 1008.):

I reside in Tacoma, Washington; I am connected with the Tacoma Mill Company. Have been connected with it during the past ten years with the exception of two years, as their Tacoma sales manager. I am acquainted with the market price of lumber and the cost of producing lumber at that mill. The capacity of the mill is eighty million or ninety million feet per annum on a ten hours' run, and in some years we have sawed eighty-three million feet; last year about seventy-two million feet, and this year it will be about the same.

I am familiar with the cost of logs and the cost of producing the lumber at this mill, more particularly the last few years. The Tacoma Mill Company buys its logs in the open market. During this year the average price of logs is about $11.25 or $11.50 a thousand feet. Last year it was about a dollar and a half less. Our cost of manufacturing the lumber which we ship east by rail, on board the cars at the mill, will run about $7.00 per thousand feet. The proportion of our total cut that is shipped east by rail varies. It runs from about 12-1/2 to 17-1/2 per cent. This $7.00 mentioned is the total cost on board the cars at the mill. That would be in the neighborhood of eighteen dollars or nineteen dollars a thousand feet. That has been this year the average cost of production to the Tacoma Mill Company, up to the present time. Last year the cost of production was less. The log price was about a dollar and fifty cents less, and the labor price and supplies and such things were in the neighborhood of one dollar or one dollar and twenty-five cents less. The selling price of lumber which costs us eighteen dollars to manufacture has been ranging about nineteen dollars and fifty cents to twenty dollars and fifty cents, so there has been a profit from one dollar to two dollars.

Cross-Examination. (Record, 1011.)

The total cost on board the car of the lumber we shipped east by rail was eighteen dollars or nineteen dollars a thousand. That was our F. O. B. cost. Our selling price was in the neighborhood of about twenty dollars or twenty dollars and fifty cents, along there. That was not the average price of our cargo and rail shipments. We have just one mill and the average cost of our stuff that went by rail was eighteen dollars or nineteen dollars. I am not able to tell you the average cost of what went by cargo because that manufacture is entirely different, a different character of stock, and the orders are entirely different. There is no theory about distinguishing the cost of manufacturing any particular kind of lumber; we know it quite accurately we think. Our rail shipments east will run from forty-five to sixty per cent., what we call clears and selects. The other part will run common, or the lower grades. The upper class of stock is kiln-dried and surfaced, and a great deal of it bundled and shipped by rail; and the other portion of it, the common

lumber, is surfaced only. That accounts for the high cost on that class of stock. The logs are all manufactured at the same time. Part of the output goes by rail and part of the output goes by water. Part of the common will go by rail and part of the common will go by ship; part perhaps will go by ship. I did not say that the stuff which goes by rail costs us eighteen dollars a thousand, and that which goes by cargo costs us nineteen dollars a thousand. We know what our total cost is approximately of that which goes by rail. We know approximately how much we ship by rail and approximately what that costs. You cannot subtract and find out how much is the cost of that which goes by cargo for the simple reason that that which goes by water is treated differently from that which goes by rail. We know our total average cost. We can tell what our average cost is. We cannot tell what the clear lumber costs that came out of a log. We cannot tell you how much the common lumber costs or the other grades of lumber that come out of the logs. There is one general average cost; that our total labor cost for the year is so much money, and our supplies are so much, and so forth, all the way through, and we manufacture so many million feet of lumber. It is very easy to determine what they cost in a way. Of course that is not a fixed cost, nothing about it. No man can estimate his probable losses or depreciation, and so forth. You may have a very serious accident happen right after the first of the year, after you have taken an account of stock, and so forth, which might take probably all your profits that you made during that year.

This statement of cost both by rail and cargo is not exactly an estimate of the cost, it is fairly well fixed. That mill was established in 1868, about forty years ago. That was before the railroad was built, and it was established only as a cargo mill, of course. It has been running ever since it has been built; cargo at one time entirely, and then part cargo and part rail. The rails got in there about 1888 or 1889. The proportion that goes by rail and the proportion by water varies in different years. Last year, 1906, we probably shipped about fifteen per cent., maybe more than that, by rail east; and then quite a quantity of it was used locally in Tacoma, and quite a quantity that we shipped to factories in Tacoma, so I cannot tell now.

We have a shingle mill at Kangley. The cost of manufacturing shingles varies. It costs about seventy-five to eighty

cents to manufacture Star-A-Star shingles. We kiln-dry our shingles. We have had shingles as light as 125 pounds, but the average weight will range in the neighborhood of 135 and 140 pounds. We think we manufacture about the best on the Coast. Our price varies. We have sold as low as a dollar and a quarter and up to three dollars and a quarter. During the time we have manufactured at that point, during the past five years or a little over. Those shingles go very largely into North Dakota, although we ship them all over the United States. The cedar shingle can not take care of itself almost anywhere. I was two years in the shingle business at a place called Porter, Washington, on Gray's Harbor border, and I lost money there and sold out. That was in 1898 or 1899. The price for shingles then ranged from $1.10 to $1.40 or $1.45. I do not remember how many shingles we got out that year. I lost about five thousand dollars on two years' business. That same business when shingles got up to three dollars and forty-five cents would have done pretty well; but we sold very few shingles at those prices. Our cedar shingles meet in competition in some markets with cypress. We also meet in comeptition with cedar shingles manufactured in Wisconsin and Minnesota, and also the white pine shingles compete with us. A great deal of the competition we have is among ourselves. The trouble is generally that we are manufacturing shingles eleven or twelve months in the year, when the consumption is only during a period of approximately eight months. We are always ahead of the market. The result is that we cannot make any money. Our competition at the present time is very largely with our own cedar shingles. I do not mean to say that white pine shingles successfully compete with cedar shingles at any place where they are shipped any great distance. But, the price of shingles of late went up to $2.60 and $2.75 and just as soon as it did that we came into competition with the patented roofing, felt roofing. In coming here I noticed that the C., B. & Q. Railroad Company were covering their buildings along the tracks with galvanized iron shingles. I noticed a great many buildings in the treeless prairie states that were covered with felt roofing, and where formerly our salesmen would run against one man possibly selling that roofing, I guess there are ten or fifteen or twenty such salesmen on the road handling patent roofings now; and the result is that during the past three years there have not been as many

shingles shipped from the State of Washington—or during the past two years, this year and last year, as heretofore. The shipments have fallen off on account of that competition.

The cost per thousand of cedar shingles on board the cars in Washington in 1906 varied with the log prices. My recollection is that the logs were selling at from eight dollars to ten dollars, which would make the cost run approximately $1.60 or $1.70 on board the cars per thousand shingles. During this year the logs went up to where they were selling for twelve dollars to fourteen dollars a thousand, and consequently the cost would be in the neighborhood of $2.20 to $2.30 or $2.40 per thousand. It is estimated to get ten thousand shingles out of a thousand feet of logs; but I understand that a great many mills have not been able to get more than eight or eight and a half. Generally, as the price of cedar goes up, the sellers of cedar logs have things under their own control. This saw mill of ours at Tacoma has been generally rebuilt. We are rebuilding it in part almost every year. We have never at any time made any large extensive improvements that would be considered as a rebuilding. There is not a year goes by that we do not take out some of the sills and posts and such things and replace and line up. I would be satisfied if I could get an average profit of ten cents per thousand the year 'round.

The cost to us to manufacture shingles is about seventy-five to eighty cents a thousand, and that is labor and supplies. It does not include the logs. We sell some of our common dimension stuff and common boards in the western part of Nebraska. We cannot reach the eastern part with any common lumber. I am talking now about the old freight rates prior to the raise. We have tried to sell that common lumber in the whole State of Nebraska, as well as other places. We could not get in there on account of competition with yellow pine lumber. We obtained a market in a small portion of Kansas and Nebraska for this common dimension or common board lumber. We sold some of it in the western part of Nebraska; on points on the Burlington cut-off, from Alliance to Denver, in from Scott's Bluff and that locality, we have been able to market some common lumber. That is comparatively all we were able to ship into the State of Nebraska. The actual sales were very small compared to our total output. We have not been able to sell that kind of stuff in Kansas. We shipped a little, but not a great deal into

Kansas. If you confine it to common lumber, we are able to sell but very little in the State of Kansas. We are able to sell some of that grade of lumber but only in such sizes as are difficult to obtain in white pine or hemlock, or yellow pine, that is able to sell that east of the Missouri River and east of St. Paul. We are unable to sell common boards or common dimension stuff in that territory. Have not been able to sell much of that kind of stuff in Minnesota. We sell a little in the western part of the State. We have been able to sell a very small percentage of our total output in eastern Minnesota, eastern Nebraska, the State of Kansas, or any point or place east; that is to say, of common boards and common dimension stuff. It would be very much less than one per cent., even. Just as soon as we get into the 50-cent territory we cannot sell common lumber unless it be in special sizes. We are restricted entirely to the 40-cent territory. We cannot ship common lumber in very great quantities even to the far eastern part of North Dakota. We are restricted and limited as soon as we get near the white pine section. That is 40-cent territory up there. On account of the competition of white pine, hemlock, basswood and that kind of stuff, we have not been able to reach even that territory on a 40-cent basis with this class of stuff.

By common lumber in special sizes I mean in such sizes as two by twelve, twenty-four, twenty-six, twenty-eight and thirty-two feet long; three by fourteen, three by sixteen, or two by sixteen and two by fourteen feet long. That is exceedingly long stuff. Large timbers. That is stuff which the white pine people can produce, but it is at a much higher cost than smaller sizes. The reason we can sell that variety of lumber against yellow pine in these eastern districts is on account of the freight rate. Their freight rate is higher. They have a twenty-four cent rate into Chicago, and a thirty cent rate into Minneapolis and St. Paul. Their price has advanced on those sizes. They do not have to make as much more money for that class of material on account of the different character of their logs as white pine manufacturers. For these special sizes we do not get big prices. We lose money on some of them. What we get depends on the character of stock. We get more than we do for the two by four, twelve. When things are normal we get between twelve and thirteen dollars F. O. B. the cars at Tacoma. The first of August we were getting something like fourteen dollars and

fifty cents at Tacoma. What we get F. O. B. the cars at Tacoma for these special sizes of material that we are able to ship east of the Missouri River depends upon what the stock is that we are selling. It depends on what the special size is. I do not know what the other people sell their stock for. I know what we sell ours for. It is a difficult thing to remember all the prices in the pricelist, where you have hundreds of different prices.

We would sell two by eight, thirty-two feet long, F. O. B. the cars at Tacoma, per thousand feet, when common lumber was selling for fourteen dollars, for about sixteen dollars. That is for thirty-two feet long. Two by twelve would be about seventeen dollars and fifty cents on board the cars at the mill, thirty-two feet long. I would explain that there is a very limited demand for that kind of stock, that the quantity marketed is very small. Assuming that common boards were selling in Tacoma, one by eight boards, F. O. B. the mill at Tacoma, at fourteen dollars and fifty cents, the four by fours, thirty-two feet long, would then be worth about seventeen dollars and fifty cents.

A forty cent rate will enable us to sell a much larger quantity in Nebraska and Kansas. We have a forty cent rate now in a part of Nebraska. The yellow pine rate is thirty-four cents to Denver. We sell some of our common boards and this common dimension stuff in Colorado. Not much, however. Not very much. It is just a fraction of one per cent. of our total output. Our freight rate into Denver is forty cents. The yellow pine freight rate into that same territory is thirty-four cents. I do not think we have any Minnesota competition there at all. We have rail facilities there from our mill. We have not shipped a great quantity under the old rates in any year of common boards and common dimension stuff in Denver or Colorado. Of course I am not in a position to tell just what, but there has been no great quantity shipped from our mills.

I do not know that I am familiar with what other people generally are doing in that section. I think any person manufacturing lumber situated as we are at Tacoma could sell in that territory, or would seek to obtain a market in this territory for common boards and common dimension stuff in Colorado on the old freight basis for this reason: the quantity of fir lumber that goes into Denver is dependent very largely upon the selling prices for yellow pine lumber. That

is a kind of meeting ground for the mountain pine and the lumber that is manufactured down in New Mexico comes up into that country, and it is a pretty fierce battle ground as far as competition conditions are concerned, for all kinds of lumber. Depending upon the prices of competing articles, Denver has been just about the dividing point in the past between the lumber with which we come into competition and our own common boards and common dimension stuff, our rough stuff. We are always in there with certain classes of stock; but as far as we are concerned, we are not able to do a great deal in Denver on common lumber.

We do not keep any record of common dimension stuff and boards, etc., separately. We just keep a record of the total cut of the mill, and have them classified and divided as far as grades are concerned. As far as our mill is concerned it will run about 75 to 78 per cent., in that neighborhood of low grade stock.

Redirect Examination. (Record, 1042.)

With the old rate prevailing our trade would keep increasing every year. We can get orders on the old rate at this time. I may say comparatively all our shipments are into North Dakota.

Recross-Examination. (Record, 1043.)

I say we can get orders on the old rate now, because we have received them and are receiving a few, not many. We will take chances on them. We are not sending much lumber. We try to get cleaned up. We are pretty nearly getting all our orders filled. The orders we received during the last 30 days I guess amount to half a dozen carloads or maybe a little more than that, a few more. The fact is just this, that just as soon as we became informed of this proposed freight rate advance, which was in July, outside of the rumor proposition, which was earlier, we immediately notified our salesmen who covered the territory in which we market most of our rail business, not to accept business except contingent upon our being able to ship previous to the advance, and of course that immediately raised confusion, etc., and stopped trade you might say practically. We are getting a few orders. People are buying just small orders. They are filling

their actual necessities that is all; their actual requirements. They are not buying anything more, and they will not.

(Deposition of C. E. Vest, offered in evidence by complainant, record page 1046, marked "Vest Exhibit No. 1.")

It is submitted that the testimony of Mr. C. E. Vest, unsworn, may be read in evidence on the hearing of this case with the same force in effect as if he had been called as a witness and testified under oath before the Commission. The following transcript is a true record of testimony of said witness as given orally and as transcribed by a competent stenographer.

Q. What is your name?

A. Charles E. Vest.

Q. What is your occupation?

A. Lumber salesman.

Q. How long were you so occupied?

A. Engaged for several years.

Q. In what territory have you been so engaged?

A. In a number of States, including Illinois, Iowa, Missouri, Nebraska, Minnesota and New York; also, Winnipeg, Manitoba.

Q. During the summer and fall of 1907 did you have occasion to attempt to sell lumber in the said territory?

A. Yes, sir.

Q. What grades of lumber were you attempting to sell?

A. The upper grades of spruce, fir and also some cedar.

Q. Do you mean North Pacific lumber?

A. Yes, sir.

Q. Since the agitation connected with the proposed advance in freight rates on lumber from the State of Washington what, if any, effort have you made in the territory named by you to sell such lumber?

A. The best efforts possible.

Q. Describe.

A. At Winnipeg I sold one car.

Q. I want you to go into details as to time, and place.

A. Since the 10th day of November I have visited Winnipeg, Manitoba. While there, sold one car.

Q. On the new rates?

A. No, sir, on the old rates. At Minneapolis I was unable to take any orders. At Chicago, nine cars. These orders were all taken subject to approval by the mill at the old rate.

Q. Going back a little, Mr. Vest, prior to the going into effect of the new rate, were you ever in any of the territory described by you?

A. Yes, sir, I was in Iowa; also in Nebraska.

Q. To what extent were you in Iowa and Nebraska prior to November 1st, and pending the agitation of the going into effect of the new rates?

A. I was not in Iowa and Nebraska so much as in Illinois. In Iowa I visited three places; in Nebraska, but one. That was Omaha.

Q. Illinois?

A. I visited Chicago, Sandwich, and Aurora.

Q. How long were you on this sales tour?

A. About four weeks.

Q. Were you engaged exclusively during that time in attempting to sell lumber in that territory?

A. Yes, sir.

Q. With what result?

A. Result was that I sold one car at the old rate subject to approval by the mill.

Q. Could you get any orders on the new rates?

A. Could get none.

Q. Why not?

A. They stated to me that our lumber was on a par with Norway pine from the North and cypress lumber from the South, and that if the price was advanced to the extent of this additional rate they would be compelled to abandon the use of our lumber and substitute cypress and Norway pine.

Q. In other words, the consumer, the buyer would not purchase if he had to pay the advanced freight rate.

A. Yes, sir.

Q. Since November 1st, 1907, have you been over any part of this territory endeavoring to sell upon this rate?

A. My answer before would cover this; I was at Winnipeg, Manitoba.

Q. How long before?

A. Ever since the last time I was on the road east.

Q. Away practically a month and with what success?

A. I have sold nine cars to be delivered on the old rate, but subject to the approval of the mill.

Q. Then you have been unable to sell any lumber, the purchaser paying the additional freight rate?

A. No.

Q. From your knowledge of the conditions in the States named, do you consider it possible for Western Washington lumber to compete in that territory upon the advanced fright rate?

A. I do not.

Q. Why not?

A. For the same reason as stated before; the wood that I am handling, upper grades of fir, spruce and cedar is used for factory purposes. Our lumber today is about as they all state to me, at par as to price with Norway pine for one branch of their work and cypress lumber for another; that if the price is advanced they would be compelled to substitute the cypress and Norway pine.

By Mr. Kerr:

Q. For whom had you been acting as salesman?

A. For the Siler Mill Company and the Willapa Lumber Company, at Raymond.

Q. Where is Raymond?

A. Raymond is about three miles from Bend.

Q. How long have you been so employed?

A. With these two concerns, not very long. Before this I have been with the Western Lumber Manufacturing Company at Seattle.

Q. Did they manufacture?

A. No, sir.

Q. Did you undertake to sell for them about the same quality of wood as for the Raymond people?

A. The same.

Q. How long did you work for them?

A. About two years.

Q. Immediately before you worked for the Raymond people?

A. Yes, sir.

Q. What orders did you receive for the Seattle firm on any previous trips through the same territory that you have described as having covered for the Raymond people?

A. Several orders.

Q. What was the date of the last trip you described for the Willapa Company, located at Raymond?

A. Between November 1st and date.

Q. How many cars did you sell?

A. Nine cars.

Q. At what points?

A. I sold one car at Winnipeg, seven cars at Chicago, and one car at Waukegan, Illinois.

Q. Were these nine cars sold at the old or the new rates?

A. On the old, and subject to the approval of the mill.

Q. Did you undertake to sell other cars on the old rate subject to approval by the mill?

A. Yes, I have.

Q. Nine cars were all that you were able to sell at these points at the old rate?

A. Yes, sir.

Q. What were the conditions of the sale of these nine cars?

A. To be delivered at destination. They were sold at delivered price.

Q. And this price was based on the old rate?

By Mr. Abel:

Q. You recall the injunction hearing before Judge Hanford at Seattle?

A. Yes, sir.

Q. You stated that you made a trip through the States named shortly prior to that time.

A. Yes, sir.

Q. Did you endeavor to secure orders based on the new rates?

A. Yes, sir.

Q. And were not able to do so?

A. No, sir.

Q. And you got one order on the old rate on that trip?

A. Yes, sir.

Q. You confined your efforts to getting orders on the new rate?

A. Entirely.

Q. What has been your experience in selling Pacific Coast lumber previous to this time at the old rate?

A. I have been very successful.

Q. Tell generally the extent of your success.

A. As a rule trips made covering the same territory and a period of from six weeks to two months would result in from two hundred to five hundred cars of lumber.

Q. Your trip before November 1st, before the new rates went into effect, you say you secured only one order, one car?

A. Yes, sir.

Q. If you had been willing to take orders on the old rates could you have obtained other orders?

A. I could have obtained lots of them, but not on the new rates.

JOHN W. BARRY (Record, 1048):

I reside in Cedar Rapids, Iowa; we are actively engaged as lumber merchants in the retail there. Since 1884 I have been interested in the lumber business actively, giving it my personal attention, except from 1896 to 1900 in June, during which time I was connected with the lumber press, The Northwestern Lumberman and the American Lumberman. I have been engaged in business since June, 1900, at Cedar Rapids.

We handle Pacific coast woods. We handle about 25 cars of Pacific coast stock ourselves. The dealers of the city handle 125 cars and the mills handle about 113 or 114 cars. There are located there two sash and door factories engaged in the manufacture of sash and doors and interior finish. That includes window frames, and that class of stock. They told me they used this number of carloads annually.

The Quaker Oats Company is located there, its main plant. The Pawnee Oats Company, the manufacturers of Force, and that line of cereals, and the Douglas Starch Company. Judging by what they ask us at times to figure on, and which business they would have given us by reason of friendship, could we have made the same price; I should say that they use in the aggregate between 400 and 500 carloads of box shooks annually in these several industries. Box shooks take the rate of lumber from Washington. The rate on fir is 50 cents, and the rate on spruce is 50 cents, which would cover the box shooks. I am speaking of the old rate. They would not pay a tenth of one cent more for the boxes than they could buy them for. I do not know what they would do, but I do know that they would not pay one-tenth of one cent more for any one particular thing than they would for another. They said they could not use Pacific Coast box shooks under the advanced rate. That would have the effect of preventing our using common fir. We now use and have in our yards and have had for the past three years fir shiplap 8 inch fir shiplap, 12 inch fir common boards, 2x12 common fir, 12, 14, 16 and 18 feet long, and 3x12 in the same lengths; and if the price were added to, the consumers would not take the fir. In fact, if we add it to the price of 3x12 fir, we could furnish bridge planks in oak for practically what that addition would make, so that we could not handle that line of fir.

I made a little table of the prices which the several woods

are listed at, at our point, and from that, it may be judged what could be done.

The present price of northern pine for 2x12 is $28.25; of fir, $28.00. These are the two woods, in that particular item that are in competition. Ten cents a hundred pounds added to the $28.00 in fir would bring it up to $31.00 and something, and the consumer would take the northern pine, or he would take oak at about 75 cents a thousand feet more. The rate on northern pine to our points is 12 cents; and the rate on fir is 50 cents; and in the matter of 3x12's the same thing obtains. Price of northern pine at the present time, the list price as I understand it is $29.00. It comes from Minneapolis. The fir price is also $29.00, for 3x12. Those prices are delivered at Cedar Rapids, or any other point taking that rate.

Now answering the question specifically, add 10 cents 100 pounds to the price of $29.00 fir, and it brings it to $32.00 or thereabouts, making the northern pine much cheaper, and bringing the fir within a few cents of what we can furnish oak bridge planks for. Planks of this character are used in our state very largely in bridging country streams. I should say so far as I know, they are used almost exclusively or have been since the northern pine has advanced to practically the same price as the fir, on their respective rates.

The item of shiplap at our point in fir is $27.00; in northern pine $28.25. We have both, so far as that goes, but we are selling largely of the fir because it is a little cheaper; but 10 cents a hundred pounds added to it would make it higher, and would reverse the condition. The item of 12 inch boards—what is said of the shiplap is also true of the 12 inch boards. In fact it is true of all the common that we can now handle. The common lumber comes in competition with the northern pine in our market. In the upper grades of fir lumber, that competition at least is more largely with southern pine, because of the different uses to which it is put. The southern pine people make a grade of flooring which is called edge grain. That is, they make a number of grades of floorings called edge grain flooring, and the fir people also make a number of grades which they call by the same name; that is to say it is quarter-sawed, the grain stands on edge. The list price of fir flooring at our point at present is $37.00, and the price of the yellow pine is $38.25. The addition of the 10 cents per hundred pounds would of course make the fir high-

er, and to that extent put it out of the market. What is true of that one grade would also apply to the lower grades. I have given the price for the best grades. It would apply proportionately to the lower grades in each of those woods. That would also apply to ceiling and other items. I do not know that it is necessary to go into much detail.

Our yellow pine rate is 30 cents. The old Pacific Coast rate is 50 cents. Under the advance it would be 60 cents. On fir and fruit it would be 60 cents, and on cedar lumber and cedar shingles it would be 72 cents. It was 62 cents. We buy yellow pine lumber exclusively from the mills that produce the pine. We have bought from the Amos Kent Lumber & Brick Company at Kentwood, Louisiana. I took their rate because they were on the Illinois Central, which is a continuous line to Omaha, Nebraska, and I took the distance and found it to be 1,217 miles; while the distance from Seattle to Omaha via Billings, as I figured it from the railroad time tables 1,962 miles. Now the rate on yellow pine into Omaha is 23 cents, and the rate on fir into Omaha at the present time, I mean before the advance, was 50 cents. If fir should receive a proportionate rate, as I figure it, it would be 37 cents instead of 50.

The advance on rough green fir lumber of 10 cents per hundred pounds would be $3.30. Fir is produced in British Columbia along the Canadian Pacific. All that country up there is as much a fir country as the country down below the line. On rough lumber the duty into the United States is $2.00 a thousand feet. Port Arthur, the terminus of the Canadian Pacific, is on Lake Superior, on the northwestern shore. I suppose it would be entirely feasible to establish a big distributing yard here at Port Arthur, and if that rate continues, the lumber would be laid down there on a 40 cent rate, and when that lumber was sent to the United States the tariff of $2.00 would have to be paid, but there would be $1.30 odd cents margin left. Port Arthur is on the lake, and that lumber might reach Chicago or Detroit, Cleveland, Toledo, or any of those lake ports. The rate in the past has been 50 cents to Chicago and 40 cents to Port Arthur. I understand that that 50 cent rate is all-rail. At times there is a water shipment, and I take it for granted that when that water shipment does take place, there is a somewhat less rate to justify the rehandling of the stock, although I do not know. I am not familiar with that. We ship a good many

shingles from Canada. We are now, and have been for some years, shipping about half the shingles we use from Canada. Those that we buy are manufactured at sidings or slips just outside of New Westminster and Vancouver. The duty on shingles is 30 cents a thousand. These shingles are all up to the estimated weight. That is to say, the thick shingles, the five two shingles weigh 180 pounds to the thousand and the six two shingles weigh 160 pounds to the thousand. They weigh up to the estimated weights. We buy shingles from Washington, from the Pacific Coast.

The price put down in our city for a corresponding grade is the same; but we buy the Canadian shingles in preference for the better class of trade, because they take more pains in the manufacture of them and they punch them more closely. There is from eight to ten per cent greater quantity shingles in each bunch, and while the price is practically the same for both grades, that is for the best grade of Washington shingles, and these Canadians, the fact that there is a greater covering capacity in the Canadian shingles, induces us for the better trade to buy it. In other words, the duty does not seem to add to the cost to us.

When I traveled on the Pacific Coast and was familiar, stumpage was cheaper, but I do not know now. It was reported in the American Lumberman of last June that the stumpage in British Columbia and on Vancouver Island has been leased by the Dominion Government on a basis of $100 a section annual rental and a payment of 50 cents stumpage.

We supposed that the basis of the difference of the price in these shingles, the Canadian shingle being cheaper at the mill, was on account of their using Chinese and Jap labor. I do not know that they use this labor exclusively, but that is our understanding of the reason for the shingles being cheaper. There are very large bodies of cedar timber upon Vancouver Island and also upon the mainland, far larger than in the State of Washington.

In British Columbia clear cedar is used in the shingles and is not made into clear cedar lumber. Therefore there is a better quality of shingles produced there, whereas on the American side the clear cedar is manufactured into clear cedar lumber. The mills from whom we buy, manufacture shingles only. There are other mills, however, combined lumber and shingle mills, but I do not know what their practice is. I suppose they do make cedar lumber. I know that Chinese and Japanese and Hindu labor has not been used on the American side in the manufacture of lumber and shingles.

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We handle an average of a car of lumber a day, about three hundred carloads of lumber per year. Ours is a retail yard. The dealers in the city handle about a hundred and twenty-five carloads of Pacific Coast lumber a year. The mills handle two hundred. We handle about twenty-five cars of the Pacific Coast lumber annually. About one-twelfth of all our lumber. The other dealers in our city, with the exception of one, handle about the same proportion that we do, and that one handles longer timbers, heavy long timbers which we do not. I suppose his proportion would be a little greater.

Cross-Examination (Record, 1065).

In general we add fifteen per cent. or thereabouts to these wholesale prices to give us our handling charge and the profit. The date of the northern pine list which is now in effect is August 12, 1907, and the date of the fir list is the list that was filed here, January 1st. We do not go by the Tacoma Lumber Company's list. Their list is usually a dollar or more higher than other lists on the Pacific Coast. The price on two by twelve, twenty-eight dollars, laid down in Cedar Rapids, was about the prevailing price for the latter part of 1906. The early part of 1906, as I recall it, the price was a dollar less. I do not remember when the increase of a dollar took place. It was after April 18, the time of the San Francisco disaster, although I do not remember just what the date was.

1904 was the first year that they began shipping Pacific Coast box shooks into Cedar Rapids. The starch people, for some reason unknown to me, required a box made of either spruce or cottonwood, and we attempted to give them spruce boxes at that time. In 1904 the rate on spruce was the same as the rate on cedar. We did not sell them at that time. I said we attempted to. We were asked to give them a figure that would give them spruce boxes. We did not sell them. We do not use boxes. We make boxes and sell them to those who do use them, in a small way there, and occasionally job or deal in boxes when we can do so at any profit at all.

I knew that the classification on spruce rose sharply since 1905. We did not use spruce in our yard until after that change, but my recollection is it was 1904. I knew of spruce being used by the sash and door manufacturers before 1905. We would buy the sash and they were made of spruce, but I never knew of any spruce being sold to the sash and door manufacturers in Cedar Rapids from the Pacific Coast before 1905. I do not mean to say there was none sold, but I do not know.

Those were old established institutions, but they have been using other woods, and only when the other woods gradually advanced and spruce gradually came down, it was then that they got to using spruce. The use of spruce increased very largely at the time of the reduction of that rate.

In the twenty-five cars that we use annually, at first the common was small and has been gradually increasing. I do not know what the percentage of the grades has been but the common has been gradualy increasing.

I gave the price of fir on two by twelve only; twelve, fourteen and sixteen feet. We have longer lengths than that. The fir people add for eighteen and twenty feet long, I think, one dollar or one dollar and fifty cents, and we do not handle any longer than that in two by twelve. The different items of long stuff would run into two by fourteen and three by fourteen, something for special jobs in building, or heavy timber. The northern pine is quoted ordinarily up to twenty-four feet. The price of northern pine two by twelve is advanced about four dollars over the price that twelve, fourteen and sixteen feet would be. However, that is subject to variation, depending upon whether the man selling it was long or short on those items. You can get northern pine longer than twenty-four feet in two by twelve or two by fourteen from the mills. We get that up to thirty-two feet. That would add a dollar for every two feet in length above twenty-four feet. That is their rule, and for longer than thirty-two, when they get it, that is a matter of special contract. A dollar for every two feet, but the spread from twelve, fourteen and sixteen is a matter that varies with the condition of the man's stock.

I have just said it would depend on the variation from twelve, fourteen and sixteen to twenty-four, and that the advance from twenty-four to thirty-two is well established at one dollar for every two feet. The fir people cut that stuff, thirty-two feet and under for certain sizes. At Cedar Rapids two by fourteen would be in fir, thirty dollars. Now, I do not know that you could buy that absolutely for the same price in thirty-two. At times we can.

I figured the mileage from Kentwood, Louisiana, but I did not take it to Cedar Rapids. I took Omaha, because Cedar Rapids, so far as the I. C. is concerned, is on a branch line from Manchester. That would undoubtedly be the shortest route from Kentwood, Louisiana, to Omaha. I am quite sure of it. I merely looked at the map, and maybe they have followed the custom of other roads and made it look shorter

by their line. I looked at an Illinois Central folder. I took their own mileage. I think you will find that right.

I presume including the box shooks there would be in the neighborhood of five hundred and six hundred cars of Pacific Coast lumber sold in Cedar Rapids annually. I do not know that the box shooks are all Pacific Coast; but as to lumber, there would be a hundred and thirteen or a hundred and fourteen cars to the mills, and to the lumbermen about a hundred and twenty-five. I do not know what percentage of those are common and what percentage are upper grades. They are both used, but I could not separate them. I do not know how many cars of Pacific Coast shingles, including British Columbia shingles, are sold in Cedar Rapids each year. There have been two hundred and twenty-five to two hundred and fifty cars of western lumber sold in Cedar Rapids a year, for at least seven years. There has been quite a consumption for seven years, but it has largely increased recently, within two or three years. The increase was brought about by a larger use of spruce, and secondly the woods formerly used by the mills having advanced in price, and the spruce having been put in within their limit, they began to use spruce. There has been a considerable use there for seven years of western lumber.

I know people over in Des Moines and know some of the conditions, but not specifically. In general I should say that the same conditions are true there. So that for seven years there has been more or less competition of yellow pine and western lumber in our market.

The present rate on yellow pine is thirty cents. It has been twenty-eight cents. I do not know whether it was two or three years ago that the yellow pine people advanced from twenty-eight to thirty. It is thirty. It is thirty cents now from those points generally. I do not know whether it has ever been less than twenty-eight cents, but not within the last seven years. I do not know what the rate was at Des Moines. It was less. The rate at the present time I am informed is twenty-seven and a half cents.

When I stated as to Cedar Rapids that in the last three or four years there had been a very considerable increase in the use of western lumber, and that the proportion of western lumber used in Cedar Rapids, as compared with yellow pine has been greater in the last three or four years than prior to that time, I think the same condition prevails throughout the state.

Re-direct Examination (Record, 1080).

The advance in the rate on southern pine does not shut the southern pine out of Iowa. It may have given fir an additional advantage but it did not shut out the yellow pine, because Iowa has some pretty low rates, you know. Council Bluffs, Iowa, has a twenty-three cent rate. Box shooks used in Cedar Rapids come from all over the country, from the man who will make the price. At the time I figured this, it came from a box agency in Portland. That year the spruce boxes came from the coast, because on account of some peculiarity of the boxing of starch, the man required cottonwood or spruce, and the spruce boxes came from Portland. We were asked to figure on eighty carloads, and I assume that he gave the same order to the other man that he asked us to figure on. I understand that was after the reduction in the spruce rates. The other boxes were not limited as to the kind of woods, and I think a large proportion of them came from California. I think box shooks are being shipped in from the coast now. That is, they were. I do not know just what is taking place right now. These people make a contract once a year for their boxes, with the lowest man, and he furnishes them the boxes for a year.

(Wimbish Exhibit "A," Record page 1083, consisting of report on the lumber cut of the United States in 1906, issued by the Department of Agriculture, December 11, 1907, Forest Bureau, Circular No. 122, heretofore referred to in the record.)

J. H. BLOEDEL, recalled for complainant (Record, 1087):

Testified that the fire occurred in San Francisco on April 18, 1906. Questioned as to the price of lumber prior to that, along in January, February and March, 1906, he testified as follows:

I can give you that only from deduction. The deduction will be that there was a raise made January 1, 1907. That was practically one dollar. There is a price list submitted for January 1, 1907.

I think it is in the record, and that list was the highest list of any furnished during the number of years that I have been in the business. Now there was a raise made February 23, 1906, of $2; and I think that was all that there was between those dates; so that on April 18 the rail price of our lumber was $1 less than the list that is on record here, or which I can furnish if it is not already on record.

There was a very rapid and sharp demand for low grade

products that we could not sell before. There were sharp prices and sharp advances in low grade products. It was not necessarily on the list, but unsalable stock that we had had on hand for some years and could not sell, was sold rapidly at good prices. At higher prices than it had been sold for before. That was the great advantage of the fire. There was a demand for any kind of covering and they took whatever you had. Not necessarily at whatever prices we asked, but of course, we got the best we could and they got it as cheaply as they could. There was a demand for rapid supply. I may say that transportation cut considerable figure in that. That is, water transportation, which had been $4 per thousand feet from Puget Sound to San Francisco advanced sharply to six, to eight, and finally as high as ten dollars per thousand feet, because it was in such demand that it could not be supplied.

I do not think the railroads increased their rates. There was only one increase in the railroad rates and that was on the Southern Pacific, from $3.10 to $5. I do not know just when it was.

The vessels that carried this lumber are owned by a number of individuals. They are owned by shippers and concerns and individuals. There are hundreds of owners in San Francisco. They are not generally owned by the lumber men, or lumber associations, although some classes of lumber schooners are owned by the coast or cargo lumber mills; not generally, however. There are sailing vessels which are owned by individuals, and the cheapest transportation generally is by sailing vessels.

I cannot give you the exact figures but I think there was an advance in the price of logs from Puget Sound from January 1, 1906, to January 1, 1907, on an average of about $3 a thousand. There was more advance on high grade logs than there was on low grade logs, but I think an average advance of $3 or $3.50 will cover it. I think it was not $4.50 on low class logs. I think low class logs were worth about $6, and I think they advanced to $8.50 or $9, the highest class logs advanced about $4 or something like that, but the average was $3, or possible $3.50. I have not given exact figures, and could not give them, without refreshing my memory, but there was about that advance. My notion is that it was somewhere between $3 and $3.50 on the average. As I said, there are different grades of logs, and prices advanced differently on different grades. I am not as familiar with water rates as others, because we, ourselves, are not water shippers, and I am only familiar with them by general information.

(The complainant here rested.)

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Volume IV.

(TESTIMONY.)

TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1911.

No. 451.

THE INTERSTATE COMMERCE COMMISSION, APPELLANT,

vs.

UNION PACIFIC RAILROAD COMPANY ET AL.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE DISTRICT OF MINNESOTA.

FILED NOVEMBER 30, 1910.

IN THE

Circuit Court of the United States.

FOR THE DISTRICT OF MINNESOTA,

THIRD DIVISION.

UNION PACIFIC RAILROAD CO., Oregon Short Line Railroad Co., Oregon Railroad and Navigation Co., Southern Pacific Co., Northern Pacific Railway Co., Great Northern Railway Co., Chicago, Burlington and Quincy Railroad Co., and Oregon and California Railroad Company, Complainants,

v.

THE INTERSTATE COMMERCE COMMISSION, Defendant.

In Equity. No. 883.

NORTHERN PACIFIC RAILWAY CO., Great Northern Railway Co., Chicago, Burlington and Quincy Railroad Co., Union Pacific Railroad Co., Oregon Short Line Railroad Co., and Oregon Railroad and Navigation Company, Complainants,

v.

THE INTERSTATE COMMERCE COMMISSION, Defendant.

In Equity. No. 884.

GREAT NORTHERN RAILWAY CO., Northern Pacific Railway Co., Chicago, Burlington and Quincy Railroad Co., Union Pacific Railroad Co., Oregon Short Line Railroad Co., Oregon Railroad and Navigation Co., and Southern Pacific Co., Complainants,

v.

THE INTERSTATE COMMERCE COMMISSION, Defendant.

In Equity. No. 885.

HON. FREDERICK N. DICKSON, Master.

TRANSCRIPT OF RECORD.

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TESTIMONY ON BEHALF OF THE DEFENDANTS.

JAMES J. HILL (Record, 1100), testified as follows:

I am a director and chairman of the board of directors of the Great Northern Railway Company. I have been connected with that company since its organization. I am familiar with the circumstances under which the so-called 40 cent rate from Puget Sound points to St. Paul was established. At the time the Great Northern Railway was finished to Puget Sound there was little or no lumber going east. The cars going out to the coast under load had to be hauled back empty, practically all the way, and there was nothing else except lumber, or occasionally a few boxes of salmon, the salmon amounting to very little, to make a return load. I called the lumbermen about Seattle, and a few up at the mouth of the Snohomish river. I called them together; Judge Burke of Seattle was with me. I think it was in 1892—in the summer of 1892. The railroad was finished in January, 1893. The rate was made 40 cents on fir and 50 cents on cedar. At that time lumber was very low. We bought fir lumber for five and five and a half and six dollars a thousand. We then saw that clear lumber; sway bracing; caps and stringers for trestles, without a knot, selling for $5, $5.50 and $6 a thousand; and it seemed to me that that lumber should go east, and many, or several of the mill men thought it was out of question. We made a rate of 40 cents and told them at that time that if the business grew to an extent that empty cars had to be hauled to the coast they would have to pay a higher rate, and they could afford to pay a higher rate when the business had grown to such dimensions as to require empty cars to be hauled from the east.

After the financial depression in 1893 business was very dull on the coast. Cedar shingles were manufactured and sold very low. I got some of my banking friends in New York to advance money on cedar shingle shipments, that is, on the rail bills of lading. Some of them in Seattle, for a year or two,

said that cedar shingles were their legal tender. They brought money when nothing else would bring money out there.

As late as 1897, where we were taking 40 or 50 cars a day under load to the coast, we were bringing back 15 or 20 cars in lumber. In 1893, when we went through from the mountains, standing timber was very cheap. Some distance back from the road it was as cheap as 12½ or 15 cents a thousand. Nearer the railroad, at what lumbermen called good chances, lumber could be had at 25 cents. The advance commenced almost entirely after 1897. That is, the increase in the amount of eastern shipments. I am not a lumber expert, but in my own mind I always thought that the lumber from the coast came further east, as stumpage on white pine in the east advanced. When white pine was down to $2.50, $3, $4 or $5, there was very little of the western lumber came in. As it got up to $12 and $14 the amount increased.

I am speaking of the timber prices. We tried to increase the empty cars on the coast by developing the export business, and we met with considerable success; but at the present time there is not much of that. During the time of the year when lumber is shipped from the east the main tonnage is raw cotton, and that goes in the winter months, and there is very little lumber shipped east. I think that the lumber dull season is between the middle of December and, say, the 20th of February or 1st of March.

The additional cost of handling the property not only justifies but demands the change. The additional cost is more than the proposed change. Commencing in 1893 the amount of this business moved by the railroads was very little. As late as 1897 I think that on the Great Northern fifteen or twenty cars a day went east. This year at times as high as 175 or 200 cars a day have gone east. At times on the Cascade range, where there is a tunnel nearly three miles long, it is very easy to reach the capacity of the Great Northern Railroad, especially if the wind is blowing from the east. On such occasions it takes that tunnel two or three hours to clear after a train goes through, owing to the length of it. When the cold days come it clears out sooner. We have handled over 200 cars in a day. The superintendent said 125 cars a day was the capacity. I did not believe that was so. We are now building an electric plant, installing electric power and engines, and will use electricity in the tunnel, to avoid

that question. We can then handle 300 cars loaded in each direction. That would be six hundred cars a day altogether.

From my knowledge of the market conditions and transportation facilities, I do not think that the question of ten cents a hundred would make any material difference in the quantity of lumber used. It might for six months; it possibly might for twelve months. The necessity for advancing the rate is the increase in the cost. The increase in the cost in the last eighteen months or two years has been from thirty to forty per cent., and the heaviest increase has been in the last six or eight months. That consists of the increase in the cost of supplies of every kind. That part which is wages and that part which is supplies would vary on different divisions according as the work was being done. I have no general impression as to what part of that would be an increase in wages and what part would be an increase in supplies. There is a very great increase in the cost of supplies. I have not noticed the probability now from the present outlook of an increase in the cost of supplies from now on. A very large part of our supplies is lumber. We use a great deal of lumber in the construction and maintenance of the road. We buy lumber on the coast to-day possibly cheaper than a year ago or possibly cheaper than six months ago.

Referring to the question whether the cost of steel and iron and engines and material which enters into our work will continue as high, you may have noticed that a meeting was held in New York as to the cost of steel, when it was decided to maintain the price. This was pretty wide. It covered a great number of people. They gave their reason that they did not want to offer for sale their steel and destroy and use up for nothing their resources of ore; that was the reason given. There was very little decline in prices of railroad supplies of various kinds in 1903 and 1904.

The steel makers of the country have met within a short time and announced that prices would remain the same. Under those circumstances I do not think there is much room for my opinion about their power to maintain these prices. I think the steel makers of this country now entirely control the available iron ore of the country. I think they do. I think on the other hand the timber is very much in the same position. The steel makers seem to control the ore and the lumber makers seem to control the stumpage. So that if we people

who have to buy will be obliged to pay about what they see fit to charge, we who carry might be allowed what was left after the others get through.

Now, as to the question of wages all the organized branches of labor have been very materially advanced. We are hardly under contract with reference to those. They have been advanced and schedules established aside from the question of contract. The care of life and property means something, and good men, if their wages were reduced, it is a very open question whether they can buy their bread or their coal or lumber to shelter them, or their children, for any less. We might put them in the position the railroad is in by pressing them from the top and pressing them from the bottom, and they would be between the upper and nether mill stones. I cannot say in our arrangements with these labor organizations, whether we have any definite understanding as to the length of time that the arrangement shall cover. They usually come about a certain time of year, or did, but recently, I think, there has not been as much attention paid to that. I think they come much more frequently. They have a schedule of wages on the railroad with different classes. I do not think we agree that that schedule shall remain in force a certain length of time. There has been a custom that if there was anything to be brought up they would bring it up about mid-summer. I think that is the way, but I am not the officer who makes the schedules and I am not as familiar with them as some others. Locomotive engineers, for instance, we pay five dollars a day, and that is not for a day of ten hours, but it is for a hundred mile run.

There are various reasons adding to the cost. Last winter there was a very deep snow and very cold weather which has increased the cost enormously. This year there has been no blockade of business, business has been moved with less trouble, with less delay, than in any year that I recall in the last ten or twelve years, and still the cost is higher.

Cross-Examination.

I did not make the rate on any railroad. As far as my influence goes, I would take my share of responsibility. I did not suggest this advance. An advance had been suggested and more or less urged for several years, for two or three or four years, I do not recall how many. I could not tell you who took the first step toward putting this advance into ef-

fect. I don't know. I do not know whether the Northern Pacific did or the Great Northern did, or whether the Harriman Lines did. I cannot say when I first knew the advance would be made effective. I heard it sometime about when the notice was being discussed. There was no such conference between me, or other officials of our line, that I know of, and the officials of the other lines on that subject; and I have never attended any conference with any of the other lines on any subject of rates in my life. I do not know how it happened that the advance was made to take effect as to each of these lines between the same points at precisely the same moment, and on the same day, and how it happened that it was published by a joint agency known as the Trans-Continental Freight Bureau of Chicago. I do not know what the Trans-Continental Freight Bureau is. I have never attended a meeting of that Bureau, but I assume that it is some association of traffic officers. I do not know what the other traffic associations in other parts of the country are like. I did not know there was a Southeastern Freight Association. I do not know how it happened that this rate was put into effect on all these roads on the same day, and between the same points, but I could not imagine how it could be put into effect at different times. All rates have to be published, and I suppose that all interstate rates would go into effect at the same time. Now that is only a suggestion; I haven't any knowledge on the subject. I know nothing about the making of this advance or why the rate went into effect on the same day between the same points. You will have to get the information as to what the Trans-Continental Freight Bureau is from somebody else. I don't know.

The Great Northern and the Northern Pacific are jointly building the Portland & Seattle Railroad. Pasco is not on our line. The Portland & Seattle extends from Spokane to Portland down the Columbia river and is a water-level road or nearly so all the way. We expect to make connections at Spokane with this new line. The Portland & Seattle makes connection at Spokane with the Great Northern, and then runs from there to Portland, Oregon. That green line (indicating on the map) is the Great Northern, and it comes down through here. That is the projected line along the Columbia river. (Indicating on map.) When it is finished we will run into Portland. We run directly west from Spokane with our line to Seattle. We have no line from Portland to Seattle. The Northern Pacific has a line from Seattle to Portland. The

Portland & Seattle runs to Portland and strikes all roads that are in there. There is room for only one road on the north bank of the Columbia river. I suppose that if one should build it the law would give the other road the right to use it. We built the Portland & Seattle because we wanted it. After building all this distance (indicating on map) we wanted to go down the Columbia river, and we wanted a connection with Portland. At present, our connection with Portland is made over a competing rival line, over the O. R. & N. and has been for years. The Northern Pacific has a line into Portland via Tacoma over the mountains, and a much longer line. I think the result of the building of this road will be to much relieve the congestion. I hope it will. I don't know that it will have the effect of relieving the pressure on the Cascades.

To do that you would have to shut up some local mills up there. I don't know how far it would do that. It may develop a lumber business where stumpage is cheaper, but we will have an additional line to the Coast on practically a water-level and on which we will not have to cross the mountains or tunnel. We will have the use of that as well as the Northern Pacific. We own it jointly. We will have a connection over it. I suppose the Great Northern will have a connection over that, over lower grades and more favorable conditions than this present connection by way of the O. R. & N. I do not know whether the wages of our section men on the Great Northern at the Pacific Coast have been reduced. I do not know whether the Northern Pacific has reduced theirs. We will, if we can.

The Great Northern and the Northern Pacific acquired ownership of the Chicago, Burlington and Quincy to get access to the country served by that road. At that time there were a great many roads being consolidated, a great many roads were being bought up. The Burlington was not building towards the Pacific Coast. It had stopped at Billings for many years, was not building beyond there.

I only have the assurance of the President of the Company that they had surveyed a line some years before, up to Great Falls on the Great Northern. They thought it would not pay to build there, and did not extend it. The Burlington rails reach the Great Northern rails at St. Paul. We are building across to the Burlington in Yellowstone Valley now. I could not tell you whether the same interest which controls the Great Northern also controls the Northern Pacific. That is a matter that would have to be determined by the stock

list. I see in the newspapers that they are both known as Morgan-Hill lines, but I am too old to believe everything I see in the newspapers. I never saw the work entitled "Johnston's Railway Transportation." I never knew of a syndicate called the Morgan-Hill syndicate. I have seen something in the papers about Morgan-Hill lines, and that name used, and so on. I have wondered why it was so, very often. I have also seen reference to the Harriman lines.

Take the Great Northern road. There are over ten thousand shareholders in that road, and I think it would be safe to say that one quarter of them are women. The stockholders control the Great Northern Railroad. Its Board of Directors directs the management of the road. Every year I have asked for proxies and they have sent them and have selected a Board of Directors that would run the business of the company under its charters. There has been very little change in the Board of Directors. They have gone on. I am not a member of the Board of the Northern Pacific Railroad. I only know in a general way how that Board is elected as I know of the Northwestern or the St. Paul or any other road. I do not have any influence in selecting the Board of Directors of the Northern Pacific Railroad. One of my sons is Vice President of the Northern Pacific Railroad. In giving the history of making this 40 cent rate in 1893, I stated that lumber then was very cheap. In saying that in 1893 we were in the midst of a depression greater than now, it depends on the time of the year. It came very suddenly in mid-summer. In 1892, when we were building, we bought lumber out there for five dollars a thousand, and there was no depression. We were not building out to furnish a market for the lumber. We were extending our railroad, and so far as the lumber interest was concerned, it was a question of loading back cars. There was very little lumber along the railroad.

There was not any settlement on the line of the railroad, and there was not any lumber on the line of the railroad until we got down within a very few miles of the Coast. Most of the lumber was bought on the Coast. Standing timber was very much cheaper then than now. I do not recall an address you say I made before the City of Seattle Council on Thursday, February 18, 1892. I do not know whether it was reported in the Post-Intelligencer of Seattle on Friday, the nineteenth.

(The following was then read to the witness, record page 1126):

"In lumber alone you have more tonnage standing on the

ground than Minnesota would produce in 50 years if every acre of her soil was cultivated, and each acre gave an average yield. Your lumber will pay as good a rate as grain going east. There has been some doubt expressed as to our ability to carry lumber at 40 cents per hundred pounds. I assure you that it is not a very low rate; but it is as low as we want to begin on. We think at that rate you can have a heavy business," and he was asked whether he recalled that language.)

(Continuing) the witness testified that he did not. Excuse me a moment. Now, that report bears on its face an absolute absurdity, because the timber standing in Washington, cutting that in 50 years, would be more than the tonnage of Minnesota acreage in 150 years, and it is a very simple calculation.

I do not recall reading a report in the Post-Intelligencer of a speech you say was made by me under the date of February 17, 1892. I have been at the Ranier Hotel. I do not recall whether it was on any occasion that was special to me. I know this, that my entertainment at Seattle is still due. They have postponed it from time to time, and the last time they wanted to have it when the new passenger station was finished, they wanted to celebrate the building of our new railroad to the Coast, but when I am out there I am usually pretty busy, and I begged off. I do not recall whether I was entertained on the occasion you refer to.

(The attention of the witness was then called to the following language:

"A very large portion of land between the Cascades and the Sound is covered with as fine timber as grows in the world. The actual tonnage on an acre is more than you can raise on an acre of fertile ground in wheat at 30 bushels to the acre in 100 years. Every ton of this timber will pay as high a rate of transportation as wheat. It is not subject to destruction. All you have to do is to find a market. There is where I thought our company could help you in some material way. Timber is your most valuable product. In the east there are forty or fifty million of people who need your lumber, and who have a disposition to buy and the ability to pay for it. A year or more ago, in conversation with Judge Burke, in his modest and quiet way, he seemed anxious to know what rate we could make. I told him I thought we ought to open it at 40 cents. He seemed anxious to know how, he thought I had made a mistake. This rate will not cause us to suffer

for your sympathy. If we can carry your products east we can bring your freight west," and he was asked whether that was a correct report of what he said.)

(Continuing) the witness answered: I don't remember what I said on that occasion, but these reports are largely random. Every man who sees himself reported knows that they are full of inaccuracies. As far as the rate on wheat is concerned, the lumber rate is lower than the rate on wheat, it has been, and he says if we could carry this stuff east we would bring it west. Is that not the way you read it? That would be exactly reversed to make it intelligent.

It is not my custom to revise interviews that I give to newspapers. I see a great many interviews that I have not given, where I have never seen the interviewer. That is quite common.

(The witness was then asked if he gave the following interview to the Post-Intelligencer at Seattle as published in its Issue of October 7, 1892:

"We propose to develop the lumber business of this region. We not only intend to extend the present market, but to find new markets for it. Why, if you were to ship one million feet of lumber a day, that would only be five per cent. of the lumber cut west of Michigan. I think a 40 cent rate will help the lumber business considerably, and we shall make a 45 cent rate to Chicago. That gives us 37-1/2 cents as our proportion of the haul. Just let me show you what we can do in this matter. Say we have a road 1,800 miles long. The average cost per train mile in Iowa is $1.00. East of there it is a few cents less. But say it is $1.33 in this mountain region. That would make the cost of a train over the whole line $2,400. At 40 cents a hundred, we would only have to haul 300 tons, or a train of 15 cars; to meet this cost. At 30 cents per hundred it would be 20 cars. But we propose to haul trains of 35 cars. Of course we shall have to have helpers over the mountain here. If you will take the trouble to observe the trains of these other roads you will notice that they average less than 15 cars. They cannot haul as large a train as ours, and hence we can make money at rates that they cannot live on." (Continuing the witness testified):

I do not recall it. The question of the rate, the cost per train mile at that time—I question if expenses were ever lower than $1.00 per train mile. Our present rate—the cost—is about $2.00 a train mile. It has advanced very materially since that time.

It is stated in that quotation as $1.33. On some divisions it will run up to $2.25. According to the conditions now the cost is very, very much greater. It is greatly enhanced.

I am not lately familiar with the physical condition of the Canadian Pacific Railway. On the Canadian Pacific the rates are higher than on the Great Northern, although they are reducing them and spending a great deal of money to do it.

The cost of operating a train would depend on local conditions to a very great extent and would depend on how that cost is made up. The American method of accounting is based largely on the requirements of the Interstate Commerce Commission. I do not think the Canadian accounts are supervised in any manner as closely as the American accounts, and unless you knew how those accounts were made up it would be difficult to compare the cost. I would say that the cost under normal conditions on the Canadian Pacific would be less than on the Great Northern. Their labor is always lower than ours, until probably this year. The government has been building a road in Canada, for the Grand Trunk, and that has affected labor to some extent. Usually their labor is considerably under our labor.

I do not know that we ever carried a carload of lumber from the Canadian side in the Pacific northwest over the line of the Great Northern, through the United States and back up into the country around Winnipeg. I do not know that there has been one car, I never knew of one.

I never put in a rate. I do not know that the Great Northern Railroad put in that rate. I do not know whether there is a rate into Winnipeg from the Coast. If it had such a rate and lumber was carried, I do not know that it would be remunerative. I do not know whether the Canadian Pacific brings lumber over onto the American side and comes into competition with the Great Northern in Minnesota and Illinois, or whether their rate is 50 cents a hundred and sometimes less. I do not know the rates of the Canadian Pacific, and I do not know where they would get lumber that they would bring into Minnesota. I think the rate from the Pacific Coast east on Lumber a very low rate, the lowest rate that I am familiar with. I do not know any such railroad as the Gulf & Ship Island Railroad. There are a great many things about railroads that I do not carry in my mind.

The rate of 2.66 mills on the Illinois Central might be a very compensatory rate; it might be better than hauling cars back empty. If they were taking corn in large quantities to

New Orleans, or business of that kind, and had the choice of hauling cars back empty or getting something for them, it might be a compensatory rate. I do not recall the per cent. of empty cars hauled on the whole Great Northern System for the year 1906. You can get them from the reports to the Interstate Commerce Commission.

(Counsel then stated the figures to be 28.2 per cent.)

(Continuing the witness testified:) I do not know the average empty car haul of the Rock Island System or the Seaboard Air Line, but just let me say this: The average on the Great Northern would not bear much relation to the average on some portions. Take the average from east of the main range of the Rocky Mountains to the Coast. At times there are more empty cars; in the last summer there were more empty cars than there were loads. I think they could give you the empty car haul from that point to the Coast, which would be material. That point I indicated on the map is Pacific Junction. We can give you the empty car haul from Pacific Junction East for one year. The company's report will give it for the whole system, I think.

I would not undertake to explain the difference between our empty car haul in 1906 at 28.2 per cent. and that of the Rock Island System at 31 per cent. I do not know anything about the per cent. on the Seaboard Air Line. The Pennsylvania Railroad handles a very large amount of coal. Coal cars and ore cars are carried in only one direction loaded. Low grade traffic, coal and lumber, is a profitable traffic if it is in large amounts. In some places it is very profitable because they get a full tonnage. We do not get a full carload tonnage on lumber from Washington, all we can haul.

An 80,000 or an 85,000 pound car we cannot get anything approaching the full capacity. I think they are allowed 15 or 20 per cent., I think the minimums are based on 15 or 20 per cent. less than the capacity. I do not know anything about the Chesapeake & Ohio. I have not time to look up questions relating to the rate per ton per mile on that road, and I know nothing about it. I do not know the rates.

In making rates the first consideration is the cost of service. We have to take the cost of the service on the rate. Making a rate on bricks, for instance, would not be affected—it would not do to base the rate on brick on what it would cost to haul a carriage on a flat car. Both might be loaded on flat cars, but they are of vastly different value for a hundred pounds.

The cost of moving a car long distances two years ago I think would be in the neghborhood of six cents a mile. In speaking of the whole cost of the traffic, everything that should be charged as a part of the cost of the serivce, you are getting into a question that nobody has been able to determine that I know of. You can get at the cost of a particular service approximately. You can get at the cost approximately, but you cannot say how much the wear and tear of equipment, how much the washing of embankments or the decay of ties is to be charged to any particular train; you could not do that. Then again, there are branches of the service, there is the superintendence, there is the track laborer, how much of that is to be charged to that train or to freight, and how much is to be charged to passenger. There is practically no difference between the cost of transportation of five cars of high grade freight, and five cars of lumber, if they are of the same weight. The carriage risk of the high grade freight is greater. In addition to that there is a difference in the use that is made of cars. The terminal service enters into the cost. If you have to put a car on the side track and it remains there ten days and you have to go down every day to find out whether it is loaded or not, it costs you something. That is a terminal cost but it is a part of the cost of the whole thing.

In some places it is true that lumber is loaded at the mill and on spur tracks, and side tracks, so that lumber cars do not require the use of our expensive terminals. Now this year, we find from experience of other years, that if we would let our cars go off our road with lumber going east, we would not get them back, and we could not move our own grain crop when the time to move it came—our cars being away. Now, we unloaded the lumber going beyond, between cities, Minnesota transfer, unloaded it and kept it until we could get a foreign car. We kept our cars in our own service, and as a consequence we moved freight with less delay than I have ever known it to be moved.

The average cost of transferring a car of lumber depends on the kind of lumber. If it is dressed lumber it would cost more. I should says $3.00 a car. In considering whether as rates are applicable on our line, through lumber pays more than local, it would be more in the aggregate, that is, the shorter haul could not be greater than the longer haul. But, as to paying, under the lumber rate, for the last six or eight months, we would rather not have had it at all. Sometimes on the short haul you allow more than a day for loading the cars. There is no special rule.

I cannot remember what took place before the Railroad Commission of Minnesota during the twenty odd years I have been before the Commission, but I would like to answer that question so as to make it plain, because I do not want to be put in a wrong position, or allow that to go into the record without explaining it. I could not remember what conversations took place or what statements may have been made before the Minnesota Commission. I have not seen any stenographer's report. I am not prepared to say that I did not say before the Minnesota Railroad Commission that we got our revenue on our long haul and that I did not state as one of my reasons that on the long haul there is the same time at the terminal as on the short, and the same free time for unloading at destination, but that the short haul car is producing revenue for us for only one day and the long haul car for many days.

There are places where they claim, three and four and five days to unload. You go to Chicago—I don't know if the car goes to Chicago—and it is going east or sometimes shipped for reconsignment. I think they ask for seven days; I think so. So those supposititious cases do not apply.

We have a rule on our road in some places allowing certain free time for unloading and charging demurrage after that. Such rules exist at hundreds of local stations; you have got to follow the thing up. Suppose a carload of lumber went to a local station, and the man was notified that the car was there, and he lives two or three miles away, or perhaps five miles away. What have you got to do? You have to wait until he can get there and unload it, or else unload it on the ground. In cases of that kind we do not charge demurrage. It is the same thing if a man orders a car; a man wants a car to load grain. Sometimes we could not furnish him a car for a day or two, and he may have to haul his grain three or four miles. The roads may be bad, and he may only get half a load in.

Four hundred or five hundred miles in North Dakota on grain is not a particularly short haul on the railroad. It is short compared with 1800 miles and the rate is different also. The rate per ton per mile is higher. The rate per ton per mile is much higher, notwithstanding the shorter— There is a rule among the railroads for the per diem charge. It is not made by an association. I think it is 50 cents. It was 20 cents. If we permit a consignee at one of our local stations to hold a car four or five days, and that happens to be a

foreign car, we would have to pay 50 cents a day on that. In addition to the cost of service there is a question always underlying all the rates, and that is the ability to find a market. If the railroad is built into a section of the country, it has got to carry what that country produces or go without it. Now, the question is if it can carry what that country produces and get a profit out of it, and enable the producer to make a profit, both are on a sound basis. You cannot tell to an exact point whether you get a profit out of the movement of a particular commodity or not, but you can get it approximately.

Those are the main items in rate making. I never made a tariff in my life. You have to consider the length of the haul. I should think that would be elementary. Up to a certain point you consider the tonnage. Up to a certain rate, up to a certain point, the general rule is that the greater the tonnage the lower the rate, but when the traffic increases beyond a certain point, then it adds to the expense and it costs you more when you overload the machine, for carrying it. The risk involved must always be counted. That is known as the carriers' risk. It is greater in some articles than in others. I never made a tariff in my life.

The reason why I think this is an abnormally low rate is because it brings us less than its costs to furnish the service. I can show that to the Commission now. The average distance between cities is about 2,000 miles, to the Coast, just about 2,000 miles. But, during the past summer I had occasion to look it up closely. I found we moved more empty cars over the main range and over the Cascade Range, west of the point involved in this question than we did loads. Now, to take a car out and back, every car that goes to one end must come back, they have to come back. It costs from seven to nine cents a mile on distances of 400 to 500 miles, and more, to haul freight cars. If the entire travel is 2,000 miles out and 2,000 miles back; then that car travels 4,000 miles, and at 7 cents a car mile it would be $280. It would cost that without any return for the use of the property, without any taxes—simply the money that is paid out to move that car. Put 50,000 pounds of lumber into that car at 40 cents a hundred, and you get $200. You have paid out $80 more for every car you have moved out at the minimum. Now, at some time in the year—take it in the winter months—the train load is lighter, it must be reduced on account of the extreme cold weather, and the cost is higher. But I would

say that about 7½ cents—from 7 to 7½ cents—and on many roads it is greater than that.

I do not say that we have to haul all the cars west that come east loaded with lumber empty. No, I said that we haul about one-half, and sometimes more than one-half of our westbound cars empty. That is to bring lumber back. The officers of the road could give you the figures showing how many carloads of lumber we hauled during the year 1906. I could not give them. We do have an empty car movement for grain and other products on our railroad but not to the same extent. You take the case of North Dakota and in Northern Minnesota, that grain largely goes down, during the season of open water to Lake Superior, and a large amount of coal goes back. What I wish the Commission to understand is that when we do carry an empty car over there and bring it back, haul it both ways, that we lose from $80 to $100. Under those circumstances I mean to say that we are transporting lumber for less than the cost. Those circumstances very frequently occur. They have ocurred every month in the last year, and as high as 60 and 70 and 80 cars a day.

The relations between the Great Northern Railway Company and the Northern Pacific Railway Company have not been particularly close for a number of years. No closer than with other roads. Some years ago they were practically the same, the control of both roads was practically the same, but they change and get farther apart every day, you might say. I would fix the time when they were practically together when the Northern Securities was dissolved. There was an actual change in stock ownership at that time. The Northern Securities stock was replaced by shares of the other two companies. It left me and my friends in control of each of those roads. I am a stockholder in the Northern Pacific at this time, a considerable amount. My son is vice-president of the Northern Pacific at this time. Recently my son-in-law has taken an office on that road.

I may have heard of the Trans-continental Freight Bureau before today, but I did not know what it was. I do not know what it is. I haven't anything to do with the filing of tariffs. As chairman of the Board of Directors of the Great Northern I sometimes am asked as to a question of general policy—when I was president of the company; as to questions of general policy, but I never made a tariff in my life. Upon the general policy of advancing rates upon the Great Northern and Northern Pacific, I was not consulted by the officials

of each of those roads. I never attended a meeting between the officials of those roads in regard to rates in my life. I have known of meetings of all the roads in the Northwest—St. Paul and the Northwest. All of them get together and discuss questions. I did not have any conference with any of the officials or any of the stockholders of the Union Pacific, the Oregon Short Line or the O. R. & N. with reference to the promulgation of this new tariff. I do not know that I have spoken to a stockholder of the Union Pacific. I think once within a year or year and a half I met Mr. Harriman on the street and shook hands with him. That was some time during the summer, but as to any conference, or as to any discussion of these rates I have had nothing to do with them. The first I knew that the Union Pacific and the Harriman lines generally were to advance the rates the same as the Northern Pacific and the Great Northern upon lumber, was when I saw it published. I think that was the first information I had about it. I know that the question has been discussed for, I might say, several years.

I was not present at any discussion when the matter of the raising of the rates by the Harriman Lines was considered. I have never attended a freight meeting of that description, that I recall, in my life. I saw accounts in the newspapers of troubles, and quite a clash between the Harriman and the Hill interests in Washington and Oregon about eight or nine months ago. There was some effort to prevent the building of a line on the north shore of the Columbia River. There was a local road there that claimed to have the right of way and I think that was generally considered as owned and controlled by the Harriman interests. It is a matter of record in the courts as to just what they did do. Whether it was seeking to retain the right of way for their own use or to prevent our building down there is a question of opinion. I may have my opinion. I do not recall any special trouble in Portland except as to the way of getting into certain yards, or property. There may have been trouble about terminal facilities. That I am not familiar with. I am not sufficiently familiar with that to testify. I think that began with the construction of that road, which was two years ago. There is absolutely not one scintilla of truth directly or indirectly in the theory that there was a harmonious arrangement made between the Hill and the Harriman interests, whereby the Harriman interests withdrew opposition to the Hill interests, building the road down the north bank of the Columbia River to

Portland, whereby it is said that I permitted Mr. Harriman's road to build to Seattle, and as a part of that arrangement it is said that this advance in rates was agreed upon, or that that was a part of the consideration, or that it was coincident with that.

We were never blocking the Harriman interests building to Seattle. I can say, speaking of the Great Northern, that they were never blocking those interests, not for a moment. I do not own and am not interested in any companies which own timber in Idaho, not a stick. I am not interested in the Weyerhaeuser Timber Company's holdings. I am interested in the O'Brien Lumber Company on Kalispell Lake in Montana. I think the rates are advanced from that point eastward on lumber, but that is not a lumber mill in that sense. That is a tie plant that the company owns. Mr. O'Brien ran it for a while and then he wanted to cut lumber and we wanted the ties. So we bought his interest out and put the plant to cutting ties. That company has complained to the Great Northern of car shortage. I could not say whether its complaints were heeded. The traffic men will answer that question. That is the company's plant for supplying itself with ties, and that is all it amounts to, and all the timber it owns or anything connected with it. We could make ties cheaper than we could buy them.

At the time the Great Northern was built through to the Coast there was very little lumber moving eastward. I do not think the rate was so high that lumber did not move eastward. There was very little increase in the movement of lumber east until the stumpage in the white pine districts of Minnesota, Wisconsin and Michigan very largely advanced. When I first went out there, I paid 90 cents a hundred for a carload of cedar from Westminster, at the mouth of the Fraser River, to Winnipeg. Before we put our road in, the rate had been reduced. Possibly the building of our road had something to do with it. It had been reduced to 55 or 60 cents, something in that neighborhood. Shingles had not begun to move before that time. I do not recall a shingle mill north of Snohomish, which is 30 miles north of Seattle, at that time. Snohomish is the County seat, and shingles were produced there shortly afterwards in large quantities. I should say in 1894 or 1895 they commenced to move east in considerable numbers. I wish to state that for two or three years after the 40 cent rate was put in there was very little lumber movement eastward upon that rate.

I recall an occasion when Mr. Russell Harding was our superintendent. I think it was in 1897. The expense of operation on the lines west of the Rocky Mountains was very high. I was discussing the question with him, and he said, "Mr. Hill if I could have one train a day east from the Coast to load our empties, I could make a good deal better showing. If I could have two trains or three trains that would load all our empties; it would make a much better showing."

I have no knowledge whether or not the Northern Pacific at that time had a considerable empty car movement eastward. In 1893 I think the Northern Pacific failed, went into the hands of a receiver. I say the wage rate has gone up in the last year very considerably. In the last year all wages of engine-men and train-men have been advanced, and of common labor very largely. Common labor, up to $2.00 and $2.50 a day from $1.50, very hard to get and very indifferent labor at that. We do not employ large numbers of Japs about our railroads. We employ Italians and give them $2.00 and as high as $2.50 a day. I think that within the past year there have been substantial increases. I think it was about a year since the locomotive engineers were advanced to $5.00 a day —not $5.00 a day in hours. It is $5.00 per 100 hundred miles, and when they run a passenger train 200 miles, which they usually do, they get paid for two days. Wages have not been reduced recently on various roads on these different classes. There is no construction carried on at this time of the year. There are no extra gangs. The wages of those engaged in operating the road as distinguished from construction have been advanced during the past year. The section men have had the same rate of wages that other labor has had. The wages of the train crews are not the same as they were a year ago or two years ago. They have been materially advanced. The Commission was called in to settle some of those cases. There were advances to clerks and everything.

The cost of living has materially advanced and wages have also. I do not know whether 25 per cent. of the operatives upon the Northern Pacific at Missoula have been laid off within the last three weeks. I am not familiar with conditions on the Northern Pacific. It is not my opinion that if these advanced rates are maintained, quite a number of the saw-mills in western Washington may be forced into bankruptcy. I think directly the opposite. I have not expressed myself recently that in my opinion quite a number will be forced into bankruptcy. I did not so state at the Willard Hotel a few

days ago. Some gentlemen spoke to me about the question of rates, and about these rates, and I told them that they would have to stand these rates because the property could not be moved at the old rates. We have no way except approximately to determine the actual cost of moving a carload of lumber. I have no definite figures upon it. No man can make an intelligent study of the cost of moving a car of lumber as against a car of coal or a car of brick or a car of grain. If the same weight is in the car of each, it would take a very much sharper pencil than I ever saw to figure out such a difference in the cost.

In figuring the minimum car revenue on lumber it depends on the length of the haul, the distance to market. I do not think in my testimony this morning I made any arbitrary minimum or any minimum. I said an average of 50,000 pounds. I think the average would be less than that. If it appears from the testimony already taken that the average is 57,000 pounds, I think I know better than the man who testified to that. The railroad company has the weight of every car it loads, and it is a very simple matter. For instance, some shippers will load their cars twenty, and in some cases, twenty-five per cent. heavier than others. It is very easy to get at the actual weight of all these cars the last year or two. We do not charge the lumber movement with a hypothetical empty haul movement for every car used in the transportation of lumber eastward.

In making my estimate showing eighty dollars loss upon every car of lumber moved, I did not estimate that the car went from Minneapolis to the coast empty. I said that the eighty dollars or one hundred dollars, or in some cases one hundred and twenty dollars would be the loss on the car that was moved empty in one direction. I paid a good deal of attention to that at times this summer, and sometimes I would find as many empties going west as loads, and some days more empties than loads. The percentage of empty car haul upon the Great Northern is in the neighborhood of 28 or 30 per cent. Coal cars are loaded back, this year particularly, into the grain fields, so that there were practically no empties of coal cars.

Any car that moves west empty and comes back with a load of lumber, is carried at a loss.

I may have heard of the Portland gateway case. I do not recall it. Last June I was either President or Chairman of the Great Northern. I don't know how the Great Northern

could get down to Portland. They haven't a railroad within 180 miles of it. There it no way the Great Northern could carry any freight to Portland unless they hired somebody else to do it. I do not know anything about the position that the Great Northern took themselves in that case. I did not know the Great Northern had any such case or was interested in any such case. The empty movement west causes the increased cost of this traffic. I will explain that. If the west-bound traffic made more empties on the west end than the lumber would load, all the roads would be glad to carry at 40 cents rather than bring the car back with nothing. The increased cost of the traffic is the cause of this advance, and the empty car movement is a part of the increased cost. The increased cost is the cause of this advance and the other is an element of that increased cost.

The rate has been raised on fir to 50 cents to St. Paul from Seattle and western Washington points from 40 cents.

(The attention of the witness was then called to an extract from a letter written by Mr. J. M. Hannaford, of the Northern Pacific, discussing the reasons for this increased cost and referring to the empty car movement, in which it was stated substantially as follows: "We believe with the proposed advance that we can handle empties west at least up to our ability to handle loads east-bound on our line.")

Continuing, the witness testified: We can haul more empties west than we could at 40. If the lumber movement should grow as it has, proportionately, it would be very difficult to supply the lumber traffic on that basis, as the Northern Pacific say they can. As it is to-day the lumber traffic is very quiet at this time of the year. We should try to furnish empty cars on the coast, and in fact this year we have tried to— A 50 cent rate would go very far toward enabling us to furnish empty cars. We think it would be profitable and enable us to make the haul. If it would not, then we would have to ask a further advance.

All rates should be reasonably profitable. Taking this year as the basis, the 50 cent rate is a low rate but it is a rate that should be compensatory. I think it would. At any rate, it would be more nearly compensatory than the existing rate.

On the Great Northern we have mountains to cross. I have been over the Union Pacific road once. That is all. I know what their grades are from their condensed profile. I think it is 1829 or 1830 miles over the Great Northern from Seattle

to St. Paul. I do not know how far it is from Portland, Oregon, to Omaha, over the Union Pacific road. I do not know the distance. I said the lumber movement had increased the cost because of the increased number of cars required to be hauled west empty. The lumber movement has increased since 1898. On our road I should say we were hauling then 15 to 20 cars. Some days we might have got up to 25. It has increased up to 150 to 200. I don't carry the figures of the movement of lumber on our road in my mind for the last four or five years, only in the most general way. The reports on our road do not show that there has been a steady decrease in the movement of lumber. In some districts the products of mines have increased in carriage on the Great Northern very much more than the carriage of lumber, and it may be that the development of iron ore on the eastern district would make the whole ore product greater than it was in previous years. I think that would be the case. There is not any particular product that furnished over 50 per cent. of our tonnage. I understood you to say iron ore. The products of mines would be coal as well. The figures in the report to the Interstate Commerce Commission, which says that the products of mines on the Great Northern road were 9,435,000 tons and amounted to 51.75 per cent. of our total haul, include coal too. The figures relating to the percentage of the products of the forests hauled on our line as you have them, apparently would be better than my recollection; but the figures of the whole road would not throw any light on the question in issue here, because Minneapolis, for instance, which was a very large lumber district, 3, 4, 5 or 10 years ago, has been getting less every year, until last year I think there were only one or two mills. I think they used to cut about 800,000,000 feet, and I think it is down now maybe to 300,000,000 feet. Those figures filed with the Interstate Commerce Commission by our road are the correct figures and they are certified to under oath by whoever signed it.

I stated that this rate was first put in when the road was completed in 1893. That was my recollection. I did not know that from Portland, Oregon, there was then a 45 cent rate in effect on fir. If you ask me if I knew it today—I understood that the rate from Pacific Coast points to Omaha was 50 cents. I did not say at that time. I said now. I do not know what the rate was at that time. One of the reasons for this increase in rate is to make up for an increased ex-

pense account on the Great Northern, on account of the haul, by reason of this expense, being unremunerative at this time. That is correct. The advance is to make a lumber rate compensatory, and not that other business in other states should contribute to carrying lumber for less than it costs. That is the fact today. There is no doubt about it. Taking the Great Northern road for a series of years the operations of the road have been profitable. I do not know whether in a store business there are some articles that are sold very closely as compared to others. Just let me finish. I don't know how many there may be. I don't know what the practice is in stores, but if any article is sold for less than it costs, I think it is to an extent either an advertisement or an attempt to make somebody think it is the cheapest place to buy. It is not a policy upon which anybody can make money, by selling or furnishing any commodity for less than it costs. I don't think we carried any ore to the steel trust from the mines in northern Minnesota this year. We did last year some, but not much. The ore that we carry is carried for the outside people. It is carried from the Mesaba Range down to the lakes. We carry it to the lakes by rail. The rates have not been raised on that. We carry that ore one hundred miles and we get eighty cents a ton. We get 8 mills. The lumber rate is about 4 or 4-1/2. I don't want the Commission to understand that that is the average rate received by us for lumber hauled by us on our system. That is the rate from the Pacific Coast. That is not the rate to the farthest point east on our line. It is the rate per ton per mile to take it to Minnesota transfer. Now, the rate from Puget Sound points is the same, whether we took it at Everett, where we first strike the water of Puget Sound, or whether we took it from the International Boundary, one hundred miles or more north.

These rates are blanket rates as far as Puget Sound is concerned, if I understand what you mean by a blanket rate. The same rates would apply from Seattle on our road which is the farthest point south to the farthest point north. There have been reductions in rates recently made by the Minnesota State Commission and the Legislature covering roads in Minnesota. We are defending. There have been both reductions of rates there and attempted reductions. I think the Commission raised the rate on coal through this district, where there is no coal consumed. I am familiar with the fact that in places

where there was no coal hauled they raised the rate and where the coal was hauled they reduced it. I am familiar with the fact that the Minnesota State Commission and the Legislature put into effect tariffs recently that were so far reductions in the rates throughout the State of Minnesota, that the judge characterized them as a disgrace. I know that was the case.

I do not know what the advance that was made by our road was. I was not present at the hearing of the case. I do not know that it was attempted to be shown there that the cost of moving traffic was 2.29 mills on a through rate and 5.74 on a local rate. I never heard of the figure before. Any statement that is made in the reports of the Great Northern Railway Company to the stockholders is meant to be absolutely true.

(The attention of the witness was then called to the following quotation from the report of the Great Northern Railroad to stockholders for the year 1907:

"There was a large loss in revenue, due to the greatly reduced amount of traffic during the winter months, caused by the snow blockade and the severity of the weather. The depth of snow in northern Minnesota and in North Dakota was greater than ever known since the line was built. Every effort was made to keep the line open and move fuel and supplies to the exclusion of other traffic. This caused a direct and unusual expenditure of over $950,000 in addition to the loss through the suspension of traffic movement.")

Continuing the witness testified, as follows: That is correct. The increase in cost of operation, that nine hundred and odd thousand dollars, was due to the depth of snow. The increase in the mileage of the system would not add materially to it. I do not know that the increase in the mileage would not rather increase, in that section, the traffic on the main line. The increased mileage would decrease the average cost up to a certain extent.

(The following quotation from the report was called to the witness' attention:

"The increased cost in operation and maintenance of the property is due to several causes. There was an increase in the average mileage of 75.92 miles.")

Continuing, the witness testified: That line, for one or two years, will not arrive at its full bearing of traffic. Everything that is in that report is true. In some places it is true that a good deal of increased cost came from station service due to increased business; and in other places that would not apply. For instance, in the State of Minnesota, the number of sta-

tions where the revenue would amount to $100,000 a year has decreased in the last seven or eight years, so that there would be no reason for an increase in station service. There is an increased cost on account of wages.

What is in this report to our stockholders as giving the reasons for the increased cost is true. The expenditure of certain sums as extraordinary expenses, replacement and renewals would increase the operating cost at the point where they were made. I would like to explain that. For instance, take the Willmar & Sioux Falls Line, a line running from a point a hundred miles west of the Twin Cities down to Sioux City. Any renewal there would be an increase in the cost of operating that road, but it would not cut any figure in the trans-continental business, because the trans-continental business would not move that way.

The Great Northern Railroad Company was organized in 1890. I was in it at that time. It has paid dividends continuously ever since. The first few years it paid at a lower rate. I am speaking of the Great Northern. For the last ten years I think the dividends have been about seven per cent. I will explain your question whether we have not accumulated during the last few years monies, properties or accounts or some sort of property over and above the expense of our operation, the creation of funds and the payment of dividends, so that you will understand it. The stock got 7 per cent. last year and for some years previous. I make a calculation for my own satisfaction. The average rate on the stock and bonds last year, I think, was 5.68 per cent. As the accounts are kept, there was a surplus beyond that, a balance of earnings beyond what was paid for interest or dividends, but that has gone on for years. And other amounts. For instance, if we get at the capitalization of the company, our capitalization is very low. It is only $38,000.00 a mile, including everything. Now, there are about $35,000,000—maybe more than that—not represented at all in the capitalization; $35,000,000 of money upon which nobody pays any returns. I think the real surplus of the Great Northern would be something more than the figure $28,029,307 shown in the report for 1907. Referring to the issue of the consolidated mortgage, 6 per cent., 50 year, gold bonds, on May 1, 1883, issued to stockholders to the amount of 50 per cent. of their holding at the price stated to be of 10 per cent. of the value thereof, at that time the company had expended, if I remember correctly—and my figures are very nearly correct—between eleven and twelve million dollars, and they

capitalized $9,000,000 of the money that had been expended; and they had built portions of a railroad for which there were neither stock nor bonds in existence. The surplus of some $35,000,000 was expended on the road in cutting grades down and widening banks and putting in steel bridges. It is really an expense, and the shareholders—what they get out of it is simply what they get by way of dividends. So that when I say we have accumulated that surplus, I mean we have put that much into our property which the stockholders have not paid in out of their own pockets.

This grew out of the method in the first instance of keeping accounts. The railroad commissions of the States made a formula for accounts and we made our reports conform to that, so that we would not have to keep two sets of accounts, one differing from the other. Now we have had to make good, depreciation to some extent. We have never gone far enough and no road has gone far enough, to make good the depreciation on their equipment. I think the proprietary companies that operate the Great Northern are practically all consolidated now. They have operated with the Great Northern prior to this time.

The Great Northern Railway Company has never issued a bond since it was built. When it was built we paid as much attention to looking for low grades as we could, and thought we had a good selection of roads. Our reports do not show that that road has been almost a marvel in railway enterprise in this country. I think they show a lower operating cost than the average road. Our train haul has constantly increased, and last year, including company freight and commercial freight, it would be whatever the report shows. Our cars have increased in capacity constantly, and we have spent large sums on improving our road bed; also in making the rails heavier; all of that, and we have to even re-locate new lines in the mountains that we thought were at very low grades. We have also increased the carloads quite heavily. We have tried in every way to economize and to get more for the dollar we spend. If we should go back to twenty-five years ago and take the expenditures of that time, it would be quite large, and we have done everything we could to increase the load, to increase the carload and the trainload. We have laid heavier rails. We have re-built sections of the road to get lower grades, and in that time our rates have been reduced from two and a half cents a ton a mile to three-quarters or about three-quarters of a cent a ton a mile. I think the total reduction in twenty-five

years would amount to seven hundred and fifty million dollars. That is not about the same thing that the other roads have done. The other roads have not done it to the same extent. Very few roads have done that. The Northern Pacific have increased their train load. There was quite a sharp jump in our operating expense account for the Great Northern in 1907 over 1906. The operating expenses were not written up at any time last year more than any other year before, but were written up just the same. The Great Northern and the Northern Pacific own a great majority of the Burlington stock. The net earnings of the Burlington over the amount necessary to pay the interest on the bonds is like another surplus that has gone into the Burlington to make good what had not been provided in former years, and the Burlington has spent all that it has earned above the amount it devoted to the stock, and has spent a lareg amount in addition. Those bonds issued for two hundred million dollars were issued in 1901.

I am also familiar with the Burlington earnings. All the roads are paying dividends regularly. They are raising additional money, they are creating these replacement funds, funds of various kinds, and they are raising additional money besides to put into the property. I should not think the sinking fund of the Burlington today was as large as twenty-nine million dollars to retire its bonds. Some of the bonds of the Burlington have a sinking fund that is a considerable proportion of the outstanding bonds, but the outstanding amounts are not large of those issues. The reports will show that, and they will be a great deal better than my recollection. I don't know whether that amount you mentioned as a sinking fund includes bonds that have been paid for, but I think it does include bonds they have bought in past years and that would run back thirty or forty years. That fund came from their current earnings.

Mr. Teal: Out of the money that people have paid for freight and travel?

Mr. Hill: They have no other income.

Mr. Teal: So that when that road's bonds are paid for, and it pays in dividends and renews itself, as it is doing, people who have paid the freight will have paid it, and not the stockholders? Is that correct?

Mr. Hill: If the company earned that money, it belonged to the stockholders and they could divide it.

Mr. Teal: Irrespective of the amounts?

Mr. Hill: Yes, sir.

We do not by any means have a right to charge anything we want on our roads. We have a right to charge a reasonable rate. If you will allow me, I think I can clear your mind a little. Take the Great Northern and the Burlington Road. The Burlington Road had a land grant, and the proceeds of that went directly into a sinking fund. The Great Northern's predecessor, the Manitoba Road, had a small residue of a land grant in Minnesota. That land grant has been used to retire I think eleven or twelve million dollars of bonds. They are not in existence. Nobody has to pay the interest on them. The mortgage that secures the two hundred millions of bonds does not provide a sinking fund against those bonds, and I will go a little further to make that clear. Now the Burlington Road, through the retirement of bonds and not increasing its stock—it built roads with bonds and used its land grant and its sinking fund to retire those bonds. The Burlington, taking its stock and bonds at par, would be capitalized for somewhere about thirty-two thousand dollars a mile. We bought that stock at two hundred, and it made the road cost between thirty-eight and thirty-nine thousand dollars a mile; and at that it is the cheapest of any road running out of Chicago.

I am not familiar with the fact that the Burlington last year earned a very large surplus, I think its surplus was somewhere in the neighborhood of four or five million dollars. I know the surplus was not $13,155,000 in a year. To some extent I am familiar with its operation and maintenance accounts last year. If they took an engine that was carried on their books at what it cost and sold it for scrap, I suppose they would have to charge it off. It is not true that they had nothing but scrap engines on the road, but they had a very large number of old-fashioned small engines that were of no use, that could not transact the business of the present day at a remunerative price. The business of these roads has grown, and as the business has grown, the rates have decreased, and with the development of the country the road has received its benefit and as everybody prospered, we have all prospered together. We certainly cannot prosper unless the people who are patronizing our road prosper. The Great Northern stockholders received the ore lands and the company never paid a dollar for them. It is true that the stockholders of the Great Northern will receive millions of dollars under that contract, but it had no more to do with the railroad than if I should buy this building, it would have to do with the railroad. I bought those ore lands and paid for them. The Steel Trust has a lease on those ore lands.

The traffic density on the Great Northern Road has constantly increased. The Great Northern never issued a dollar of stock that was not paid for in money or in property, and where it was paid for with property, the property was figured at less than it cost. In 1898 the stock of the Seattle and Montana Railway, that is, the Coast Line and the Terminals on the Coast, was distributed to the shareholders. I do not think it was to the extent of fifty per cent. of their holdings in the Great Northern. About twelve million dollars had been invested in railroads west of the Cascades and in terminals, and that was taken by the Great Northern at ten million dollars. The Great Northern paid for it in stock. That was not equivalent and it was not considered as equivalent to a cash dividend at that time of fifty per cent., because the money had gone into the property. I don't remember what Great Northern stock was worth then on the market. At various times from 1893 to 1905 we issued stock of the Great Northern Company to the stockholders for which the company received one hundred cents. At times that stock was worth very much more on the market. I do not know whether these various rights which have been secured by the stockholders, taking an original shareholder of 1889, who in 1906 held the stock he had originally subscribed for, and had sold it at 1906 prices, in addition to his dividends would have made him nine hundred per cent. in the Great Northern Company. I should not think so. If he had held it until 1907 it would have resulted very differently. If he had held it until this time he would have made very little.

The Great Northern's business, compared with November a year ago showed quite an increase; November a year ago, bear in mind—on the 15th it commenced to snow and on the 17th there was eighteen inches of snow. Everything has gone on up to the present time pretty well on our road, except that the lumber rate has been too low. We are not dealing with the average. The railroad company has managed to make a living and to make a dividend and to make a reasonably good showing. Now, through all that we are asked in Minnesota and we are asked in almost every state on the line of the road for lower rates, but they will cite to us a lumber rate of about four mills and say, "You have maintained that for all these years." Nobody has struck me or shot at me or anything of that kind. I don't know that I have tried to injure anybody. Now, hard times have come on the coun-

try. I have not the remotest idea that the advance in lumber rates will put these people out of business. You are entitled to your opinion, whether we are hauling lumber at less than cost. Let me say this. Within the last week our lumber loading is increasing. I got a telegram today in regard to the loading of the principal commodities. Our lumber has increased thirty or forty cars a day more than it was averaging three or four weeks ago. I say the lumber movement is increasing in the last week. I get a report by wire. This lumber is moving from the Pacific Coast, or west of the main range.

Mr. Ben Campbell was our General Traffic Manager. We tried to maintain that rate as long as we could, and we made a very great effort. In 1905 we were carrying quite a large business going to Puget Sound, that was going out by sea that we are not carrying now. In other words, we were making empties a great deal more than we were in 1906 and 1907. Mr. Ben Campbell, I think was our General Traffic Manager in 1905. He has been our manager. Anything he issued is a great deal better than what I can say. I don't remember ever having seen a circular signed by him. I don't remember talking with him on the subject of issuing a circular calling on our agents to get more lumber.

Re-direct Examination.

When you get up to three, four or five hundred miles, the question of the length of haul does not cut so much figure. The terminal charge and the delay to cars in the terminal is no greater for two thousand miles than it is for five hundred; but when you distribute any advantage there may be from the long haul, in having to pay so large a proportion of terminals, when it gets to be over four or five hundred miles, then it is almost infinitesimal. When the O. R. & N. hauls its lumber to Huntington, the end of its road, you have no interest in it beyond that. It makes no difference in the cost of the operation of the Oregon Short Line, which runs from Huntington to Granger and terminates at Granger, whether that stuff goes to Denver or Chicago. After lumber or any other product begins to move in considerable quantities and has been gathered up, the additional cost per mile as it would be shown in the cost per ton mile, after it has moved seven or eight hundred miles, in moving it a thousand miles further

would be very small. Of course, terminals are as expensive whether the car comes twenty miles or two thousand, if it is loaded with the same commodity and has to be unloaded at the terminal point. If seven or eight mills for a thousand miles would be a fair rate, a four mill rate for twenty-four hundred miles would be a ruinous rate. Either one is too high or the other is too low—at that distance, let me say, seven or eight hundred miles.

The following hypothetical question was then propounded to the witness by Mr. Cotton, counsel for the Union Pacific system:

I will just describe the Union Pacific to you, and then propound a hypothetical question, based upon your general knowledge. The Union Pacific system, from Granger to Cheyenne, consists of a single track road, connecting west of Granger with the Union Pacific is a line extending from San Francisco, the Southern Pacific, running into Ogden and then connecting with the Union Pacific is the San Pedro line. Coming down from the north is the Oregon Short Line, from Butte, and the Oregon Short Line extending to Portland. So that at Granger there is concentrated there on the Union Pacific the business of practically four roads in the West, and the traffic density of the Union Pacific between that and Cheyenne, where the road then divides, one branch going to Omaha and one to Kansas City by way of Denver, is very great. Mr. Teal's figures show that the traffic density on the Great Northern is 971,000 tons, but that the traffic density on the Union Pacific is 990,000 tons. And as a matter of fact most of that traffic density, that is, the great increase in traffic density, is between Denver and Cheyenne. The tracks are exceedingly crowded. There are freight congestions there frequently along the line of the road. I therefore, in view of those facts, wish to ask you what, if any, advantage from cost there is in the Union Pacific receiving this lumber at Granger and then hauling it to Omaha, as compared with having it stop, say, at Ogden; that is, how they would increase their ton per mile haul as a result of hauling it over a road of that character, simply as the result of increased distance. Would it decrease or increase the expense of the operation?

To this question the witness answered:

Up to the extent that the road can move its trains with reasonable regularity, the increase in tonnage would be an advantage. The increase in tonnage would enable the road

to operate for less. In other words, if everything is moving right on the road, not crowding it beyond its capacity, it would be a means to enable the company to move its traffic at a lower cost; but if crowded to an extent greater than the capacity of the road, it would increase the cost very quickly and very materially.

A million tons average traffic density on the Great Northern railway takes in all its branches, and I assume the same thing would apply to the Union Pacific. Now, we have portions of the main line where, at times, our traffic is fully two-thirds of the average traffic of the New York Central, moving on a single track. A portion of the New York Central has four tracks, a portion of it has two tracks, and a portion of it has a single track; but these average figures are very misleading. When you get up to a million and three-quarter ton miles to the mile of road on a railway where the gradients are one per cent. or more, the expense of hauling the business would be unreasonably high.

On account of the density of the traffic and the traffic getting in the way of moving trains and the time consumed, there is not time enough to get the trains from one sidetrack to another between trains. They have got to be held back.

Question. Mr. Cotton. Then if the traffic density on the Union Pacific from Granger east was very great, it would not be your opinion that the additional long haul on this lumber would tend to decrease the proper charge per ton per mile which the Union Pacific should make for hauling that traffic after it had already hauled it, say, a thousand miles?

Answer. Mr. Hill. The increase between Granger and Cheyenne would not have anything whatever to do with the cost between Huntington and Portland; but the increase between Granger and Cheyenne, if all these lines were concentrated at Granger, and increased the tonnage to such an extent that it was greater than the capacity of a single track road, you would find your expenses ran up very rapidly.

When the traffic becomes so dense that you cannot handle it to good advantage on a single track road, then if you have the money it pays you to build a double track road. The Great Northern provided money a year ago, or started a plan to provide money, and we are not at this time looking for money; but we did not provide money for double-tracking the road. And there is another thing; the whole country there is short in means of transportation. We are getting ready to

double-track the west slope of the main range. The Great Northern is practically double-tracking from Seattle north. I think they are all going to stop unless they raise the money. If there is so much money in lumber and you have made so much out of your stumpage, have made an enormous profit, why don't you build a railroad of your own? We would like ta have you do it, and then you would know how it was to run a railroad. You could not raise a dollar on a proposition to build a new railroad for the sole purpose of transporting freight at from four to five mills per ton per mile. The Pennsylvania Railroad, I think, has the heaviest traffic in the United States, between Pittsburg and Philadelphia, and if I recollect rightly their cost is about four and a quarter mills per ton per mile; I think about four and a quarter—4.2 and something, I think.

I testified to there having been a rate on fir of 90 cents from Westminster to Winnipeg on the Canadian Pacific. The condition of the haul of our ore tonnage over the Eastern Minnesota, now the Great Northern is on a three-tenths maximum grade, sixteen feet to the mile, and in favor of the load. That is sixteen feet to the mile down hill. No adverse grade. It is one class of traffic, and the cars are loaded to their full capacity, and the engines are hauling to their capacity. There is no switching to it. The mines put it on the track and we bring the road engine and couple on to it and bring it down to our docks, where it is unloaded by gravity, and we get about 75 or 80 miles a day out of the cars. That traffic is moved in solid train loads and about 12 or 15 trains a day. The capacity of the cars is one hundred thousand pounds, fifty tons net. Over the double track, down, we run double track to a point called Brookston, and from there the track divides; the empties go up the west line and the ore down the east line. From Brookston down they haul from 60 to 75 cars, they haul three thousand tons sometimes. That is on good days and good rails; they cannot always do that. There is no limit except the brakage power of the draft rigging. The train loads run 2500 to 3000 tons; they sometimes run, I think, 3200 or 3300 tons. That is only occasionally.

If the amounts which have been referred to as surplus and which have been invested in improvements and additional equipment had been charged to operating expenses, it would interfere with the dividends of some railroads that are now considered steady dividend payers. For the year ending June

30, 1907, the ratio of operating expenses to gross earnings was higher than it has been for several years. Taxes are higher, too; taxes are constantly increasing. If these betterments and grade reductions, additions to equipment and other improvements had not been provided, the present rate of traffic would not have paid the expenses on the basis of twenty years ago.

Re-Cross Examination.

Asked whether it was not very much more economical for a railroad to receive a loaded car at Granger and unload it on the exchange track at Cheyenne than it would be if that car originated on its own rails or was unloaded on its own rails, the witness testified:

If it reached its destination at Cheyenne I do not see that it would make any difference. The terminal charge would have to be made, or if it went to Omaha the terminal charge would have to occur there. If I understood Mr. Cotton he meant whether the cost would be increased or decreased by the enormous amount of traffic centralizing between Cheyenne—than, as he said, if it was going to Denver or Omaha. Unless that car was unloaded at Cheyenne the difference would be merely due to the increased cost growing out of the railroad undertaking to do more than the capacity of a single track road could do. In some places the two terminal charges, one at the point of origin, and the other at the point of destination, are very high. When you get up to four hundred or five hundred miles or to three hundred miles, the terminal charge is material. When you get up to five or six or seven or eight hundred or a thousand miles, it becomes less and less material. The terminal charge is also affected largely by the location of the delivery points. The cost in Chicago is very much greater than the cost at a station 25 miles out of Chicago.

Since the Great Northern quit issuing passes and giving rebates, there has not been a material increase in its income. The passenger income, I think, has shown a decrease. Its rates have been reduced largely to two cents a mile. The ore movement to Lake Superior is not entirely an empty haul movement westward. There is a considerable movement of coal going into the mines, and supplies. I could not say about how much nor how many cars a day. There is quite a population there, and then the mine uses steam, and there is quite

an amount of coal hauled in there. We have always tried to credit the lumber movement with the supplies that go westward and are needed in that business. We have always tried to impress on the merchants of the coast the importance of trying to make every empty car good, because it enables us to furnish an empty car to load lumber back, and to pay that much more money out in the country.

I have not been out in Western Washington for two weeks or more. I received advices a few days ago that the lumber movement was increasing. I received these advices from St. Paul. They did not relate to any particular places in Western Washington, but to the entire loading of lumber as compared with a month ago. A month ago it was 115 cars to 135 or 140 cars a day. About a year ago this time or shortly after there was an embargo on. I had this report especially with regard to lumber this week and lumber last week, and lumber at a corresponding day last month.

I can give you the exact facts about the increase in the lumber movement. On the eastern end we load from one hundred to one hundred and twenty cars a day under ordinary conditions, when business is normal. Now, that loading on the east end drops down about seventy-five cars a day. East and west we were loading, when I left home two weeks ago or more, we were loading west of the range on the coast, about fifty or sixty cars, and about the same time between the Cascade and the main range; generally a little more west or on the coast points; that has been up to the time I left home. These were being loaded for eastern shipments mainly, east of Spokane and in the Flathead country, some of that goes into Montana, some of it goes to Canadian points, up through the Sweet Grass connection. I have no idea what mills loaded those cars. Our traffic people can give you the loading every day in the year. I do not know whether it is railroad material, because we are not building any railroad now.

D. M. CLOUGH (Page 1247) testified for the defendants:

I reside in Everett, Washington. I went there eight years ago last February. I am in the lumber business. Before I went to Washington I resided at Minneapolis, Minnesota; resided in Minnesota forty-two years. During most of that time lumber was my business. I gave up the lumber business in Minnesota in 1893. From 1893 to the time I went to the Pacific Coast I was in politics. In 1893 I was lieutenant governor

of the state, became governor of Minnesota in 1894, and was governor from 1894 to 1898. I served two terms.

When I went to the Pacific Coast I located at Everett and engaged in the lumber business. I became associated with D. M. Robbins, of St. Paul; M. J. Clark, of Grand Rapids, Michigan; Mr. Walcott, of the same place; Mr. Morley, of Michigan; E. A. Nickerson, formerly of Minnesota, but who went out to the Sound at the same time that I went out there; R. H. Hartley. I think those are about all the stockholders in our company. Our organization was incorporated and organized under the laws of the State of Michigan. Under the laws of Michigan we are obliged to make a detailed report of our business each year, filing it with the secretary of state in the State of Michigan. At least, I suppose so. Our secretary of state resides at Grand Rapids, and we sent our reports to him. I suppose that is the case. They have to be filed before a certain day each month, which is about the 20th or 25th. If they are not filed by that day we are fined, and the penalty is quite a heavy one; I have forgoten just what it is. Anyway our business has always been reported, in accordance with the law, signed by three directors and sworn to.

When we located at Everett we bought very little timber. We built a saw mill, a lumber plant, and have manufactured lumber; we have been strictly manufacturers of lumber. We have bought our logs in the open market. We have no long time contracts for logs. We have paid different prices for logs during the operations, but our average price for five years commencing January 1, 1902, up to January 1, 1907, averaged $6.72. When we first went there, logs, of course, were very cheap. The first logs we ever bought in the State of Washington, number twos, we paid $4; merchantable was $6; and flooring was $7. That was the highest year. The price of logs advanced at or about the time of the San Francisco disaster. They did along during that year some time; I do not know whether it was just at the time of the San Francisco disaster or not; but logs did advance later in the fall, I am sure.

Our mill is located on tidewater. We also have rail connection. We ship a great deal more by rail. It was intended that we should do entirely a rail business, but where we are short of cars we do some cargo business. These prices which I have given for logs are prices delivered at the mill. That includes towing. We have bought our logs whenever we could buy them for the lowest money. We have bought a good many

logs of the Association, and we have bought a great many logs of loggers outside of the Association. There are a great many loggers on Puget Sound. I do not know how many, but a great, great many,—and there are a great many manufacturers. A portion of those gentlemen have formed an association, quite a proportion of those loggers have formed an association, and it is called The Loggers' Association, just the same as the manufacturers have formed an association. Each logger belonging to the Association has the privilege of selling his own logs to whom he sees fit to sell them to, but the settlement for that sale must be made through their secretary. The association has a secretary, and the settlement must be made through him. I have settled through the secretary whenever I bought logs from any member of the Association. These were fir logs which I have bought at these prices. Our company does not manufacture any cedar. I say they are fir logs; as a matter of fact they are also spruce and hemlock, but principally fir.

The name of the mill which I operate is the Clark-Nickerson Lumber Company. It is strictly a lumber mill. There is no shingle mill attached to it. We produce fir, spruce and hemlock of all grades and all kinds. Our cost of producing lumber from the time we commenced operations has been about $3.75 a thousand. We are trying to cheapen the cost a little every year, and we have, a little mite. There has been no material difference in the cost, but we are trying to cheapen it a little every year, regardless of the little increased cost of labor and material. We are able to do this by putting in some new improvements, improving our mill. For instance, this summer we put in $20,000 in permanent improvements. We took out a single band we had and we put in a double cut band in its place. That increased our cutting capacity about twenty thousand a day, with no extra expense—the same number of men. The price of labor has increased. The better the times the poorer the men seem to be. We get less work out of men when times are good than we do when they are bad. We have been able to offset this increase in the price of labor by improving our mill in every possible way, increasing the cut of our mill. The effect of the improvement has kept pace with the increased price of labor, and a little bit more, with our company. I could not say whether our mill has all the modern improvements, or whether there are any better mills in that country. We are very well satisfied with ours. I never saw Mr. Bloedel's mill in my life. We started in cutting about

125,000 feet a day. Our present capacity averages now 175,000 feet in ten hours. The mill is not any larger. Its increase in capacity has been brought about by the installation of improved machinrey. A new mill, of course, never does as well right up to its capacity, even with the same machinery. We built that mill in the year 1900. I hope that it will not scrap in three years from now.

In figuring our cost of production at $3.75, we have taken into account our renewals and repairs. This year we will probably put into our mill in renewals and repairs $40,000. That is the way we keep up the mill. I remember one year before this we put in $34,000; and usually we put in about $24,000 a year. By investment or improvements we are able to keep the mill in substantially as good condition as when it began. Our mill is in very much better condition than when we began. Our investment we capitalized for $100,000. What other money we needed the general manager—and I am the general manager—borrowed, and paid six and seven per cent. interest on it. But, thank the Lord, it has all been wiped out, it has been paid back from our profits. Our capital stock is $100,000, that is all we ever had. That has all been paid back to the stockholders. There is no stockholder in our company who has one cent of money in the business. They have always received, from first to last, from six to seven per cent. annum. They have always been paid their dividend of six per cent. per annum every year, and have already been paid back their principal. No stockholder in the Clark-Nickerson Lumber Company has a cent in the business, and we owe no man a cent, except the monthly expenses. We pay off our help and our bills the 10th of every month. On the 10th of every month we pay our labor and our bills for the previous month. When I came down here I had not our profits exactly. I knew about what they were, but I did not have them exactly. I could remember about the report of the different years, but I did not have the figures exact, and so, after listening here for several days, and seeing that you are quite exact in the matter of figures, I thought I would have my figures exactly, and so I wired to our office yesterday, asking them to wire me our profits or losses for each year since we have been in business. I received a reply to my message this noon, and I can read it to you. There is no guess work about this. You can check everything I have or say. We commenced to build our mill on February 26, 1900. We started the mill then and sawed a log September 15th of the same year. We

merely started. We did the most of the sawing from that time until December 30th for ourselves, but we did ship a few cars of lumber, and the first year our profits were $1,634. We commenced business the best we could. Of course we went there as old lumber men, but we were new men in the country. We found we had a great deal to learn. We had to establish ourselves in business, and we did so. Our profits were not as large as they are now.

In 1901 our profits were $29,267, which was 29 per cent. and a little over on our investment.

In 1902 our profits were $96,759, or 96 per cent. and a little more on our investment.

In 1903 our profits were $55,721, or 55 per cent. and a little over on our investment.

In 1904 I am ashamed to tell what, as that was a bad year. In that year we made a loss of $3,358.

In 1905 our profits were $72,186.

In 1906 our profits were $193,060.

In 1907 we do not know just exactly what they will be. We have not figured up what they will be; we do not figure up until the first of January; but I do know that I have sent this year to our stockholders, which I am authorized to do whenever we have any surplus money—to send it to our stockholders pro-rata, according to our stock—I have this year already distributed among stockholders $130,000. We certainly have made that $130,000, or I could not have distributed it among the stockholders. We haven't borrowed any money. We do not owe a cent of money, and the best of it is we put in $20,000 this year in permanent improvements, and they have been paid for.

Another thing that pleases me is that on January 1, 1907, we had piled in the yard about 6,600,000 feet of lumber. We were closed down for a little repairing about three weeks ago. So we took account of stock, and we had in the yard 13,600,000 feet—and that after distributing among our stockholders $130,000.

That is about all there is to our profits. This telegram is a telegram that anyone can look at, or keep, if anyone wants it.

Every cent that be borrowed from the beginning has been paid back. Early this year some of my associates and myself imagined that we wanted to build another saw mill. My associates liked the business, and we talked it over, and I told them I thought we had beter build a shingle mill. I wanted to see how much money there was in the shingle busi-

ness. So we decided to build a shingle mill. Well, they said that they didn't know, they thought perhaps this increased rate was going to be put into effect, which was spoken of then, and they wanted to know how much money I thought there was in the shingle business, and I told them that I thought we could get 50 per cent. on the money we invested, and if the rate was increased it would make a difference of 16 cents a thousand, there would be that much less in our profits, that is all, and we had better build a shingle mill. So we went on and built a shingle mill, and that mill had a capacity of 600,000 a day. That is not the Clark-Nickerson Company; that is the Clough-Hartley Company, located half a mile away from the Clark-Nickerson Company. We built a mill, and we run it a little over two months, and while we ran it we made a profit of about 100 per cent. on our capital; but of course we could not always do that. Shingles were very high this fall, as you all know—very high. On November 1st we closed down because there was not any sale for our shingles. We paid all prices for cedar logs for our shingle mill. We paid all the way from $11 to $18. We bought a few for $18, and all the way from $11 up to $18. I was not at all familiar with the prices of cedar logs when I came into the country. During the two months that we were operating the shingle mill, it cost Clough-Hartley, that is, including insurance and taxes and everything, about 70 cents a thousand to manufacture shingles, to keep up our mill. That does not include the cost of the timber. A thousand feet of cedar logs will make ten thousand shingles. There is not supposed to be any over-run in the ten to one. The base weight of shingles is 160 pounds. We established a dry kiln in connection with our shingle mill. We dry our shingles down to about 140 pounds. We try to, and I guess we do. Anyway I know our under-weights amount to about 15 cents a thousand. We aim to sell no shingles on the basis of 160 pounds, but we sell entirely on a delivered list and whatever the under-weight is, we get back. If they weigh 160 pounds there is no under-weight; if they weigh over that we make it up to them. Whatever they weigh less than that they have to pay us back. I have known of shingles over-weighing. We never had any. Our overage under-weight is running about 15 cents, just about enough to take care of the over-run.

We sold a few shingles in Missouri River territory; I do not think over three or four cars, nothing to amount to anything. The over-run in the log scale and the lumber scale is owing to where you ship your lumber.

For rail shipments you have a very large over-run. For cargo it is very much less, for the reason that cargo trade, if you sell a thousand feet of board, you have to cut it one inch; if you are cutting a two-inch piece of lumber, it means two inches, they are very exacting. You understand by rail our two-inch lumber is shipped one and five-eighths inches; our inch boards are shipped three-quarters of an inch. Of course it might be that one wanted some rough inch boards, an inch thick, but I am talking about a very large majority of our lumber.

All inch boards are dressed three-quarters of an inch, but are sold an inch. All drop siding is three-quarters of an inch; five-eighths ceiling is measured an inch—called an inch. Flooring, of course, is thirteen-sixteenths. I think that is what it is. Well, we only have to saw our dimension for the eastern trade, an inch and three-quarters, where by cargo we have to saw it two inches. You could just as well cut your boards less than an inch, as to take them to the planing mill and surface them to three-quarters, put them all in shavings, and burn up your shavings. Therefore, we have a very large over-run on all rail trade, but not nearly so much, nothing like it, on the cargo end of it.

Our over-run on rail trade will amount to a dollar a thousand. I am familiar with these price-lists at home, but not nearly as much so as some of the other people in our company. I hardly ever look at a price-list. Our underweights on rail shipments amount to about a dollar a thousand. The standard length of logs is forty feet. Logs shorter than that are not any cheaper than logs of that length.

Cross-Examination.

Our mill is located at Everett and is both a rail and cargo, principally rail mill. With others of our stockholders I selected the location at Everett. I thought it was a very favorable location, or I would not have gone there. We think we have a modern, up-to-date mill. I could not tell you the cut during the first month we operated in the year 1900. We just started that year. What little we cut, the most of it we cut for ourselves, for wharfing, and so on. I don't know what the cut was that we made for the market. We made $1,634 profit. I don't know what the cut was, nor what it was for the year 1901, nor for 1902, 1903, 1904, 1905, 1906 and 1907. I could not tell you what our total cut was during all that time.

I think our cut has probably averaged somewhere about 45,000,000 feet a year, but I don't know that. That is the best of my recollection. The capacity of our plant, at the present time we are cutting 175,000 a day. The capacity for the average time that we have operated, I should say to the best of my judgment was 150,000 a day. That is all the time. We did not cut as much the first few years. We are increasing our cut all the time. I employ on an average about 160 men. Our labor is as efficient as labor goes now-a-days. We get the best men we can. I don't know whether we pay as high prices as are paid there. I couldn't tell you about other people's wages. Our cost of production is about $3.75. I include in that everything, expense of all kinds. I couldn't tell you how much our labor costs us. It all simmers down, and all of it is expense. It doesn't matter what, it is all expense. Everyone has a different way of doing business. We keep up our mill in first-class order, or we intend to, and we think we do. It is conceded by everybody who comes there that we do. If we should put in $25,000 into our mill this year, keep it up as good as it was the year before, that is charged to repairs and expenses. We do not charge anything to cost under the item of depreciation. We do it the other way. We keep our mill up, and our mill is worth more today and would sell for more today than it would the day we built it. We charge for interest and taxes, whatever it is. We charge taxes and insurance to expense. That is an item on the cost of this $3.75. We charge it to the cost of manufacture. I could not tell you what it was last year, nor what it has been at any time, just exactly what it was in dollars and cents. I wouldn't know how to do business in any other way. I do not remember the amount. I know our mill is as good today as it ever was. It is a good mill, I think. I am not familiar with the Government report that the timber on that coast will be exhausted in twenty years. I do not think that is true. I think our mill is good just as long as I keep it up. I have had some experience in Minnesota. I know of mills in Michigan or Minnesota that have exhausted the timber supply and have been sold for a trifle. I do not anticipate any such thing in Puget Sound in any later day. I think there will be timber there for fifty years, but not enough to run all the mills that are running now. There will be plenty of timber there in twenty years in my judgment to run every mill that there is there today, even those mills that depend upon buying their logs and do not own their own timber. You understand all the timber tributary to Puget Sound is tributary to the Clark-

Nickerson Lumber Company's mill. It can be towed from any point. It can be railed in there, and it can be towed. We don't think anything of towing there 75 or 100 miles. So all the timber there is practically tributary to our mill or any other mill on the water. We have paid in 1907 for a few logs as high as $13 for flooring—yes, $15 for flooring, the first of the year, I think it was; $12, merchantable; and $9 for No. 2's. That was the highest. When I speak of buying logs at $6 and $7 I mean that that was what Clark-Nickerson logs—if I say that all logs for five years averaged our company $6.72, that is just what I mean they averaged. It was just that amount. Now, whether these logs were as good as high-priced logs, as some other man's logs, I don't know. I know about my own, or our own. I know that is what they cost us. I imagine I am a pretty good log buyer. I think I am a good trader. I have no special pull on the log business. We buy right in the open market all the time. I have not averaged our profits per thousand feet for the years we have been in business. I do not know what our profit was in 1907. I read it here yesterday. I can read it again. I could not tell you our profit per thousand, nor exactly our selling price. I know the mill cost, just about. I know what our logs cost, I know about what the selling price is. I should think our rail lumber had averaged us about $13 a thousand. I couldn't tell exactly, but I should think that is about what it has averaged. That is our rail rate, all grades, the high and the low. I could not tell you what proportion of uppers and what proportion of lowers compose our rail trade. I could give you an idea approximately. I should think our rail trade would probably average about forty per cent., uppers. I should think so, but I couldn't tell you that, and about sixty per cent., lowers; and for the whole thing we got an average selling price, I think, of about $13.

I think we ship about 30,000,000 feet by rail, and I think about 15,000,000 by water. That would make about 45,000,000. The cargo prices are not nearly so much as the rail prices. I made a contract with Nelson in San Francisco for ten million feet. That is common lumber, No. 1 common and No. 2 common. The common price was $10 for No. 1 common, and $9 for No. 2 common. I made that contract about two months or more ago. Those prices are on our dock at Everett. I don't know what it costs to put it on the vessel. We never loaded any vessels, but I know what they tell me they pay. I know they are paying as high as one dollar a thousand. All

I know about it is what they tell me. They claim it costs them to load onto the vessel all the way from seventy cents to one dollar a thousand. It costs us $3.75 on the cars. We do not keep the accounts of the cost of actual loading on the cars separated. Two men will load about a car a day and the wages are about $4.50. We do not sell to the export trade, and I do not know the export branches.

In seven years our profits are just exactly what I read over here yesterday. I paid this $400,000 carried on account of capital out of these profits. I paid the money back out of our profits. We paid to our stockholders the amount they paid in originally, and we paid a dividend of six per cent. in adition to that all the time. What we have made is the original capital stock and what we have on hand now, whatever it is worth. Whatever our property is worth there today is our profits, that is it exactly. It is hard to tell the value of the thirteen million feet in our yards now, or what it is worth. No man can tell what it is worth. There is not a market for it at the present time. It would be a very unreasonable thing to suggest that it may not be worth the cost of production. We have distributed all the profits we thought we were making from year to year. We have carried no undivided profit account, no surplus, no depreciation fund. We haven't come to a lean year or a panic, and have made no provision for a hard-time surplus. We don't owe a cent. We don't owe anybody anything; and should we want some money it would be a very easy thing for us to go up to the banks and get it. We can get it from most any of the banks if we should want some. I don't suppose right today we could borrow any money in those banks, or the last thirty days, I don't suppose we could. We don't have to. We have made no provision against bad times at all, and if these times come, we have either to borrow money or go down; that is, if we were not making any money, that would be it exactly.

I own one share of stock worth ten dollars in that mill. The Robbins' estate owns stock in the mill. Their estate owns fifty-one per cent., $51,000. I do not know that in the summer of 1906, at the instance of Mr. Robbins, the books and accounts of our company were examined by an expert, or that following that examination Mr. Robbins was dissatisfied and offered the mill for sale, but I will tell you right here what I did do—not later than three months ago. I tried to buy Mr. Robbins' interest, and he asked me $375,000 for his $51,000 which had been paid back to him, and he didn't have a dollar in it on earth. He asked me $375,000 for it. He did

finally come down to $350,000, the lowest he would sell it for. I could raise some money, I think. I have not got the money myself. I do not know that he offered that to Mr. Griggs for sale. I never knew he offered it to anybody. It is a surprise to me. That $300,000 was borrowed at different times from different parties. It was borrowed in Minneapolis. It was borrowed in St. Paul, that is, there was a party lives in St. Paul—D. M. Robbins, a part of it, and part of it was borrowed from our president, M. J. Clark, who resides in Grand Rapids, Michigan. The balance of it was borrowed from the banks. Those parties that I speak of, Mr. Robbins and Mr. Clark, are wealthy men, and they were very anxious to loan us money, always. They wanted their six per cent.

We have not always had all the cars we wanted. We have not had nearly all the cars we wanted. We could have done quite a good deal better if we had had cars. I wouldn't do any cargo business if I could get cars. It would mean about fifteen million a year. I wouldn't do any cargo business, because we haven't got deep water, and we can't do an export business; and the California business is mighty unsatisfactory business.

Mr. Robbins' father was the original stockholder in our company. He was not a director of the Great Northern Railway that I ever knew of. I couldn't say that, but I don't think it. I never knew that he had a dollar of stock in the Great Northern, but I don't know about that.

We are not receiving orders for rail trade. I have just explained to you that we haven't got water enough. We are on tide flats there. We haven't got the water to do an export business. I don't want to be understood as saying that in our business we could easily absorb this advance and go into the eastern markets and meet this rate and sell all the lumber we could furnish. I do not say that. I say no to the question, whether the manufacturers can absorb this charge, or whether we can absorb it. The manufacturer alone cannot absorb this $2.50 advance, there is no question about that, but the lumbermen as a whole can absorb in my judgment, this $2.50 advance. The manufacturer of lumber is not the entire lumber business. There is the timber man, the logger and the line yardman in the east, who all have a handsome profit out of the lumber business today, and have had since I resided on the coast. I have had talks with the loggers in regard to this. I say to the logger: "If this increased rate should stand, you will have to stand one-third of this, 83-1/3 cents

per thousand. The manufacturer can stand 83-1/3 cents per thousand. The line yardman can stand 83-1/3 cents per thousand." I claim that the lumber business, as a whole, can stand this increased rate of $2.50 a thousand, but not the manufacturer alone.

We have no timber to speak of and we own no logs. I propose to be fair with them and help them to carry it. I will say: "John, let us divide this thing up." The way I look at it, there are three branches in this lumber business. The timberman and logger I call one; the manufacturer two; the lineman three. Let us divide it up. Let us be fair between man and man. That will adjust itself in my judgment.

I think Mr. Hill is one of the brightest men in this country. He has been a friend of mine for many years. I have always been very proud of Mr. Hill. I don't know that he was any warmer advocate of mine when I was in politics, any more so than a majority of the people. I was never defeated. I was in it fifteen years, and never was defeated. I always had a majority, and that was all I cared for. I don't know that I had the railroad interest back of me any more than any other interest. I don't know what I ran behind McKinley on my ticket out there, but I ran away behind him, there is no doubt about that, but I was elected.

The reason I came three thousand miles to testify was, I thought I would come down here with the balance of the lumbermen. There are a good many lumbermen here. They are interested in preventing this advance. I don't want to be understood as being interested in giving anything away—any good thing; oh, no, but if I am on the stand here under oath, I am going to tell the truth; but I don't want to be understood as being anxious to give the railroads one cent that I don't have to. The reason why my testimony was not taken out on Puget Sound instead of here was because I saw fit to come here.

The price of shingles the last year varied. The shingle market varies, the same as lumber. The year 1907, it was about $2.35 a thousand, I guess. I don't know. I wasn't in the business only about two months or two months and a half, and they averaged more than that while we were in the business. Shingles were very high, you know, this fall. It costs us to take the log in the water and load it onto the car, load the shingles into the car, insurance, taxes and all expense, you understand, everything, about seventy cents. The price of the logs varies just the same as the price of shingles varies. I said we paid all the way from $11 as high as $18.

An $18 log means $1.80 a thousand for the material that goes into the thousand shingles. $11 a thousand would be $1.10. They did not average $16 a thousand. I do not know what our logs cost us that went into the shingles. I testified yesterday that we could absorb that 16-cent rate on shingles. I know what our profits were. I said that our profits were about one hundred per cent. The reason I shut down our mill after operating two months was because the bottom fell right out of the market. With the bottom out of the market we don't run then, we close down. That is the reason we closed down. We don't have to run a shingle mill. The time will come when we can run it. We bought our logs at the market price of from $11 to $18 a thousand. It cost us seventy cents to manufacture our shingles. There was not a declining market during the two months we ran. Two months after that the bottom dropped out of the market, and yet I know we made one hundred per cent., there isn't any question about it. I haven't got the figures here. I could get them for you in time. I would have to go home, I could not wire to my office, I could not do that. I base my statement that we made about one hundred per cent. from the prices that we paid for logs. Our logs probably averaged us somewhere about $14 a thousand; it was about that. That was in 1907. We bought a very good grade of logs for manufacturing shingles in the market from different parties. We bought some of the Snohomish Logging Company, and we paid them $16 for some and paid them $18. They are the parties we paid $18 for one saw. We bought some from the Lumber Company. I do not know how much, nor what we bought. We bought some from parties down in the south. I couldn't tell you what their names are. I couldn't tell you the month we bought from the last named company, I do not remember.

In 1900 we built an entirely new mill. We built the best mill we knew how to build. Everett is on tidewater and has the Great Northern, the Canadian Pacific and the Northern Pacific railways there. It is a growing, thrifty city. We have not enjoyed a very large local trade. We have not catered to that trade at all. We sell our refuse to a wood man there in Everett. We have disposed of considerable lumber locally. We don't get any more for that there than we do when it is put onto a car, and we have to haul it up-town. We have a very small local trade.

Our capital stock is $100,000, and in addition to that we borrowed about $300,000. We borrowed that money to build the

balance of our mill and to run our business. We borrowed the money and paid interest on it. Certainly we put it into the business, we helped to build our mill with it. The plant does not really represent $400,000. We had $100,000 capital stock, but we used the other $300,000 in the business. We borrowed it and paid it off, paid it out of the profits.

I do not know what the average price of our fir logs was for 1907. I could not give an approximate price. We have not reckoned up this year's business. We don't know anything about this year's business yet. We sold about ten million feet here about two months ago, at $9 and $10. That would make an average price of about $9.50. I don't know what our average price of logs is. I won't know until the end of the year. I wouldn't say until the end of the year. I state that the average price of our fir logs in 1906 was $7.78. They are higher in 1907. Our average price of manufacture is about the same in 1907. As I stated yesterday, we are getting a little more, but wages are higher and material is higher; but it is about the same. If our logs were as high in 1907 as $7.78 and our cost for manufacture was $3.75, that would make $11.53 for our logs and manufacture. If the average price of this ten million feet was $9.50 that would leave a deficit of $2.03, if it was all common lumber we are selling in San Francisco. There is a loss on that particular lumber, but while we are sawing that we are sawing a great lot of uppers, and we are piling it up in the shed at the present time. We are not losing money today on the whole, but we are actually losing money on that San Francisco ten million feet of common lumber that we sold. I don't know what the loss is. We are losing money. We have got to make our profits out of the upper grades, and those upper grades go by rail into the territory affected by this rate. If the rate would not admit of it going into that territory, it would be thrown back into the San Francisco territory, but we can send it there. We can send those upper grades there under the advanced rate, and I think we would come out whole on it.

Our mill has not run pretty steadily. We have closed down a great deal. When things are hard, we curtail. Our capacity now is about 175,000 a day. I don't know whether we put our rating into the Great Northern and the other railroads there at 200,000 a day in the distribution of cars. I know we wanted to get cars awful bad. I think, though, our rating is in at 175,000. I don't believe it was 200,000. No man could make me believe that I made a statement of that

kind. I don't believe I told them that, but I wouldn't swear that I didn't. Our annual cut is about 45,000,000 feet a year, and that would make for the seven years about 315,000,000. I have not figured what the profit would be on that. I have never figured that out to see what the profit per thousand feet is. $1.81 per thousand would not be right, because there has not been any profit in the cargo end of it. You don't figure right. We are shipping about thirty million feet a year by rail. We are making our profits by our rail shipments. This fifteen million we ship by water, we are not making any profit on. Sometimes we make a little. Our profits are so much a year out of our business. I would not call $1.81 a thousand an abnormally large profit, but our rail profit, you know, is a great deal larger, a great deal more than $1.81. We are making no profit on the cargo end of it. This rating to the railroad is given for our distribution, to get cars for our mills. I don't believe I ever stated to the railroad that our rating should be 200,000 a day, but I wouldn't swear that I did not. I think I told them it was about 175,000, because there is no object in telling it different. We have not fared well out there with cars, we have not had all the cars we wanted.

I think I am pretty familiar with the conditions generally over the northwest, around Puget Sound, and on the Great Northern. Possibly the mills located at Everett, a competitive point with the Great Northern, and the Northern Pacific, fared generally better than the all-rail mills out on the line. I know the mills at Skykomish and Goldsboro and the Wallace Lumber Company. I do not know that we have fared better for cars than they have. I do not know what cars they have had. We have closed down our mill lots of times. I do not think we have closed down on account of car shortage. We always pile our lumber up, rather than close down. We cut it and pile it up. We have only thirteen million feet on hand today. We don't intend to carry over five million feet of lumber. This was a month ago. That was all a month ago that we took account of that stock. We are selling lumber—there is lots of lumber, in my judgment, being sold at $3 off the list. I don't know what 8 by 16 stringers are worth. I could not tell you. We have not been cutting any. I could not tell you what ties are worth, because we have not been cutting any. We have not been cutting any timbers lately. I don't think there is much of any sale for any lumber there at the present time. I don't think so, but there are a part of the mills around Everett running, and part of them are not.

I don't know about the rail mills on the line of the Great Northern.

The Clark-Hartley Company owns the shingle mill that I spoke about, with a capacity of 600,000. I still have my interest in it. It is capitalized at $30,000. It has not been recently offered on the market for sale, and is not for sale. It is shut down at present. There is no market for shingles now. I have heard there have been some shingles sold there as low as $1.60, but then I don't think there have been many sold. That is somewhere about the cost of production. The property on hand at the present time is our plant and these thirteen million feet of lumber, and in addition we have some real estate there. We have got a little timber that belongs to the company. We have one section of timber upon the Great Northern Railroad above Index, that we sold a year ago this fall for a small amount down and the rest to be paid for along at six per cent. interest. We sold that for $50,000. That was a part of the original purchase. We made a profit on that, but we have not received the pay for it. That does not enter into these profits that I have spoken of. We have never inventoried our timber land for a cent above its cost. Then we have another quarter section of land, north of Index. That cost $1,200, and it is charged up at $1,200, no profits.

We think we have a mighty good plant. We think we have a splendid plant, and we are pretty well satisfied with our management. We can dispose of our waste. Everett is not very large. There are a good many mills there. I don't know whether we get any more cars than the others, I could not tell. I don't think we get any more than our proportion of cars. I don't know what cars they get up at Index or Skykomish. As far as I have seen, from going by on the train, they don't appear to have very much lumber on hand. I do not know how much of the time they have been running. We have shingles on hand at the present time. I could not tell you what they are worth a thousand. There is hardly any sale for them. They are worth something, of course. We probably might sell them at cost.

I said that the cost for cedar logs probably was about $14, so the timber for a thousand shingles would be $1.40, and seventy cents for loading them into the cars, would be $2.10. I am assuming that you always cut ten thousand out of a thousand feet of cedar timber, as we always do.

I think I told you that we averaged about fifteen million feet a year to San Francisco. Our average was not greater

in 1906 at San Francisco. The rail trade was mighty good that year. We were troubled with a shortage of cars, that is the reason we shipped fifteen million to California. I think the Frisco price was better in 1906, I don't know how much better. I should think probably it might possibly be a couple of dollars a thousand more. We did not ship more than that fifteen million to San Francisco in 1906, because the demand in the east was very good in 1906. We have not made any money in other years on our Frisco shipments. We did not make $60,000 more in 1906 on our Frisco shipments than in other years. I say that possibly lumber was two dollars a thousand more than other years. It was not with us over four dollars a thousand more. We often sell lumber down there at San Francisco at a loss. As I have acknowledged here, we are selling at a loss now. We cut fir, spruce and hemlock, but principally fir. We cut it into all kinds of lumber. If we have orders for long timbers, we cut it, but not otherwise. Sometimes we have a special order for some long timber. We have sold our rail lumber principally in the Dakotas and Minnesota. It has been all kinds, boards, dimension, flooring, ship lap, ceiling, finished lumber, stepping, and all kinds of lumber that you can think of. When we get into Minnesota, of course we meet the Minnesota market. We do not go south very much. We cut this order of ten million feet for San Francisco. That order was dimension, also one and two and three-inch boards and timbers; practically whatever they want. We cut that order from merchantable logs principally, but of course you have to buy some flooring logs. If you were buying a tow of logs from a man and he had some flooring in it, you would have to take it; you have to take it as it is, and some is flooring and some is merchantable, and there is a portion of it, of course, number twos. At the present time they cut up until they get—they are cutting pretty well up into the knots, into the limbs now, and then they stop. They cannot go too far into the large limbs, but they are commencing to stretch it some. They are commencing to cut it very close. If that tree were in Minnesota you would cut more of it into lumber. We are not cutting as close as they are in Minnesota. We make laths and sell them principally in California.

Re-direct Examination.

The stockholders put up $100,000 and we borrowed $300,000. That was all paid back about a year and a half ago. No, I

will take that back; the principal was not paid back until this year. We have paid the stockholders just a little more, but it is practically even. We paid them a little more than their capital stock back. This $300,000 that was loaned was paid for during the year 1906. That didn't run $300,000 up to that time; we had been paying it off as we could; but we paid off the last of it during 1906.

J. POULSEN (Page 1336) testified for the defendants:

My business is lumber manufacturing at Portland, Oregon. I have been engaged in the lumber business nearly forty-two and a half years; in Portland a little over thirty-one years. I am connected with the Inman-Poulsen Lumber Company, a corporation. The capital stock is $600,000. We originally put in $75,000, but we had to buy off part of this, so actually $60,000 was what was put in seventeen and a half years ago. The rest of our capital has come from profits in our business. That is simply the capital stock as it now stands. The mill plant itself is worth $300,000; the real estate is probably worth half a million dollars. The real estate cost very much less than that. We have been operating all the time in the City of Portland, and the growth of the city has added to the value of the real estate. I do not mean that we put $500,000 in real estate. In 1906 we cut 146,000,000 feet of lumber mostly circular saw. We have a couple of band re-saws. No mill has ever cut that much, so far as I know, anywhere. Before I went to Portland I was engaged in the lumber business at Lyons, Iowa, along the Mississippi river, and in Europe before that. We have been running pretty steadily during the last five years. For eight years we ran night and day, until last year we had a strike. Forty per cent. of our men went out on a strike and they have been out on strike ever since. We then shut down the night shift, and have run day time only since then. Until last spring we ran day and night for eight years. Mr. R. T. Inman; George Ray; J. Hatfield estate; George Fletcher and Henry Van Duzer are in the business, besides myself. I run the business, Mr. Inman looks after the mill. He is decidedly a practical sawmill man. I think he has been in the sawmill business thirty-five years. All of that time along the Columbia river. By practical sawmill man, I mean that he learned his trade in the saw mill, before he went into the manufacturing business. I know he was a screw-turner. That is the fellow that turns the screw

that sets the log. That is something that is done away with in the mill now. He had not even reached the dignity of a sawyer when he came to Portland. Five years ago our capital was about $320,000. For one year there was not much profit, but we made in the five years a million dollars, or a little over; that is during the last five years. In 1904, we did not make much that year. We made $45,000 that year. Our lumber goes all over the world. For the last month, half of our lumber has gone by rail. I cannot say for the last five years. I am not much of a hand at estimating or figures; I only go by general results. We have had as much rail shipment as anybody in Portland, I think, for the last five years on an average. That may not be right; I do not know. The Eastern & Western Lumber Company, in Portland, are as good competitors as any we have. I don't pay attention to anybody else's business, but I think they have shipped more cars in proportion than we have. I think they have stood in with the railroad companies in the matter of orders better than we have. I think that because I have been pestered with small little items, like demurrage and overcharges, and have kind of soured on them. I haven't been on the best of terms with your people. I could not say for certain how much of our rail shipment goes into the territory affected by this change in rates, but I do not think to exceed over ten per cent. I don't think all Portland shipments exceed over ten per cent. of the total. That is only a guess, however; I have no statistics in regard to it.

Our cost of production in 1907 was on an average $12.50. That is our cost to produce the lumber and put it on the cars. It is the total expense for logs, for taxes and insurance, and everything else included. We cannot equal the cost of $10.90, stated by Mr. Dickson as the cost of producing lumber by the Booth-Kelly Lumber Company mill. Their logs are much cheaper than ours. The average cost of our logs has been $10 for the last year, or very close to it. It does not vary over fifteen cents from that price. Two years ago we paid $6 for the same logs that a year later we paid $12 for. When the price of logs two years ago was $6, the loggers told me that they were doing very well at those figures. Our average selling price during the last year was $4 higher than the cost. That would be $16.50. That is up to the 1st of November. We did not make $4 last year on 146,000,000 feet of lumber, because there were five raises of a dollar each in the price of logs, and every time logs raised we had thirty million feet

of orders on hand that had to be sold at the old prices—and new prices for logs. That took off $180,000 profits, and if we had not had the orders we would still have shipped the same amount of lumber. We practically lost, as a result of our contract business, what it cost us by reason of the five raises in the price of logs. I should have said six raises. There were only five, but there is another thing to explain. While logs only went up on the face of it $5, yet the loggers insisted on getting a better scale, and they did get a better scale on logs. Our lumber cuts about two per cent. first clear; ten per cent. second clear; eight per cent. third clear; seventy-two per cent. common; eight per cent culls. That is for this year. I think a year ago there was two per cent. less cull, or two years ago, rather, two per cent. less cull and two per cent. more common. We get our logs from along the Columbia river, all the way from Astoria, up. We own a little timber ourselves; I don't know how many acres we have; we have about three million feet. We buy most of our logs in the open market, along the Columbia river market. There are loggers engaged in contracting and delivering logs into the Columbia river. We tow the logs ourselves, that is, we hire them towed; we do not own our own tow-boats; we hire the boats in the open market. Our average selling price for last year was $16.50. I do not remember the different prices.

Poulsen Exhibit No. 1 offered in evidence, page 1349, identified by the witness as price-list, dated October 20, 1906. Continuing, the witness testified:

This is our price-list of October 20, 1906, but this would result in a larger selling price. There has been a whole lot of old orders taken at lower rates that come in with this. That list would probably show a profit of something like $5 instead of $4 on old orders. I make up this list. We sold strictly according to that list from the time it was printed up to the middle of the summer, somewhere in July, all with the exception of San Francisco. We gave San Francisco a rebate. That was owing to the conditions at San Francisco. We were selling common for $15 at that time. Basing on common, when common sold at $15, we sold other grades of lumber at the prices shown by that list. There was another exception, however. In selling export cargoes, we do not go by the list. I look at every schedule and make a price, but that is supposed to be in line with this. We do not intend to sell any lower or any higher. We make our own list prices. We are not a member of the Oregon & Washington Manu-

facturers' Association. I heard Mr. Buehner's prices as to the various ups and downs of the market, as shown by his chart and the prices of logs and lumber. As far as logs are concerned, that chart is undoubtedly correct. Their lumber prices are probably somewhat different from ours, but I do not think they are very materially different. I think our prices would swing along about in line with theirs, as shown from time to time, although I do not know. I never paid any attention to their list or what they do. The conditions are such that it would be most probable. We do not get away very much in price from our surrounding business competitors, we cannot. I heard his testimony about the fluctuations in the market. That was about correct as shown by that chart, as I listened to it. I have looked it over. When we make $4 profit, when we sell common for $15, we get proportionately more for the higher grades. We get a proportionately larger price for large dimensions. But there is another way of putting it. If we did not cut any clear at all, we could still sell common and make $4, I think. I have not figured it out exactly, but I think we could. The logs cost less. I cannot tell how it is that we manage to get $15 for common when Mr. Clough is selling his for $9.10. That is what we are getting. We sell our common all over the world, Portland and San Francisco. San Francisco is an exception. I said we gave them a discount, but that is not because we had to. Our common lumber consists of all kinds of boards, scantling timbers, and so forth. There is a well defined grade of lumber called common lumber—well, I don't know how well defined it is; it is what is not clear and what is not cull. There is a grade of lumber in the trade in Portland known as common lumber. In San Francisco they make two grades out of the same thing and call it No. 1 and No. 2 common, but we do not do that. We have shipped our lumber to Dresden, Germany; we have shipped it to South Africa, China and South America. For the last year probably about one-quarter of our total output was exported. That means, however, the beginning of this year, not lately. Lately we have sold very little; and the last six months we have sold very little export. We are receiving some orders now from Colorado and San Francisco.

As near as I can make out, about ten per cent. of our rail lumber goes into the region affected by this advance in rates. Our principal rail market is Utah. I believe we get a better rate into Utah than the Washington mills, though I don't know.

Our rate is forty cents, their rate is forty-five cents, and our rate continues forty cents to Utah. Since I left I don't know how it is, but we were still selling lumber in Utah clear to the day I did leave. I think our sales in Utah for the last four months, where the rate has remained the same, have been pretty nearly the same as they were for the corresponding four months last year. I think we shipped in as many cars as we could get. Yes, I think as many this year as last year. Last year we had a car shortage, and this year too, for the last four months. I do not think there is any car shortage now. Business has fallen off since this slump. There has been a falling off in the business in Utah, too, all over, as far as I can see. Up to the time I left Portland two weeks ago, we had been selling substantially as much in Utah for the last three or four months. About the middle of January I noticed that there was a slacking up of orders. I first perceived it then perhaps very slightly. Since then business has been going down, that is, orders have been becoming scarcer all the time. About the middle of July we reduced the price of lumber, and we have reduced it twice since then. The only reduction that was made in the middle of July was on a contract for ties that I took from the O. R. & N. Railroad Company. We were at that time selling ties for $15, and Mr. Coler, the purchasing agent, asked me why I didn't send them faster, and I told him I didn't care very much to bother with the business, that it didn't pay us. We had no particular orders on that business. I said, "If you want any ties, put in an order, so we will know what we will have to do." He said that prices were too high, and I told him that we could make them lower if he wanted them, and finally we agreed to sell him a million ties a month for six months at three dollars less than we were selling them for then. We were getting $15 and we are getting $12 for those on this order that I speak of. We had not taken any contract for ties before that in 1906. In 1905 we took an order from Mr. Rhodes for some ties at $7.50. That order has not been filled yet, because he did not furnish the cars, and I told him as long as he did not furnish the cars we would wait until prices came down some, before we shipped the ties, or the rest of the ties. I mean to say that we are delivering the same thing to him for $7.50 which we are delivering to the O. R. & N. Railroad now for $12, and before that we getting $15 for. That contract was entered into in the fall of 1905. It was for four million feet originally. There are about two million feet left on it. I

did not entirely decline to fill that contract during 1906 or 1907. We shipped him a few last summer, when we were shipping to the O. R. & N. Railroad at $15, we were shipping some to the Southern Pacific at $7.50, but cars got short again, and besides we did not try to fill them very fast. Before that contract in July with the O. R. & N., we had not had any contract with the O. R. & N. The reason I made that contract was I knew what was coming, and I thought I would get ahead of old man Coler. He is a German and I am a Dane, and we have been playing each other a little. I sold him ties at $12 for common lumber. He thought he was making a fine contract. The contract was to last for six months, a million feet a month. The price of common lumber now is $11; boards $1.12. When we say common lumber that means scantling, timber and so forth; boards are a dollar higher. Everything has been reduced in proportion. We have reduced lumber since this reduction in July; there have been two or three reductions; I don't know how many there have been, but we are down to $11 now; and we were $15 before. We are paying the same price for logs. We had a contract running the last year. The contract I refer to is out this month. We are paying, I think, a dollar less for logs than before. We have paid $8 and $10 for the logs. That means $8.50 and $10.50 at the mill. The logs this year have averaged us $10.50 at the mill. There are two grades; there are more than that, but we have only had those two grades this year. $4 is the highest that it has cost us to manufacture lumber at the mill, aside from the cost of logs. It cost us $3 two years ago, but we have a great deal of retail trade where the expense runs up much higher on the average, car loading or export shipments. If Mr. Clough had his business it would not cost him over three and six bits.

I want to say in explanation of this price-list, this: When I say the price of common lumber is $15, this first item is boards. That is sixteen, but that is not what we consider the base price. The second item here, taking in all lumber, from 2 by 4 up to 13 by 14, up to that long, that is our base price, and that is $15. I say the item which stands there at $15 is today $11, and boards are standing there at $16 and are today $12, although in the meantime logs have only dropped a dollar a thousand.

In the first place, the raise in the price of logs started in the fall of 1905. The papers stated that the railroads were going to make big improveemnts, and they all commenced to

buy lumber. Then in the spring of 1906 the San Francisco fire and earthquake came along, and everybody wanted lumber in San Francisco as fast as they could get it. It was the increased demand for logs which advanced the price. When the demand falls off, then the price will go down somewhat. Our logs come from along the Columbia river. The ownership of that timber is fairly well scattered. There are a number of loggers engaged in the business along the Columbia river. Immediately after the San Francisco earthquake and fire there were three or four or five raises in the price of lumber, I don't know how many. Every time the loggers had a meeting—I think they held monthly meetings, although I do not know how often, but every time they had a meeting they concluded they ought to have a dollar more for logs. Then we had to raise the price of lumber, and it went on that way until the rise in the price of logs was from $6 to $11. In fact, the price went up to $12, because they also wanted a better price than the scale. That rise ocurred in the summer season and it was all owing to the excessive demand caused by the San Francisco earthquake. The railroad companies did not raise their prices on the transportation then, not until now, that I know of. There are loggers' associations. I am not on the inside, and so I cannot say whether all the loggers are in one association, but I ran up against them, I ran into their meeting, and they were all there, as near as I could see.

We do not own or operate lumber schooners The concern does not own any, but the individuals have interests in three lumber schooners—not all the individuals; I have no interest myself in any of them; my children have. We do not operate the schooners in connection with our mill. Mr. Loop, in San Francisco, operates them. Mr. Loop controls them, but we have what you might call a close standing with Mr. Loop. Their capacity is in the neighborhood of 800,000 apiece, but they are not exactly the same size; that is 800,000 apiece for each cargo; they carry a million and a half a month each, to whatever port we want to send them. They go to San Francisco mostly. We can load some 750,000 to 850,000 feet on each ship. That is somewhere near it.

Question. Mr Cotton. Now, Mr. Poulsen, the question has sometimes been asked these gentlemen as to whether they can stand a raise of from $2 to $3 per thousand feet of lumber. What about that?

Answer. Mr. Poulsen: All I can speak for is Portland. Portland probably ships into that territory ten per cent. of its cut; at a rate of $2.70, which Mr. Buehner put it, I think that

would be the average; I think that would be 27 cents on the total cost. If that was divided into three parts, as Mr. Clough wants it to be, the logger would have to stand nine cents, the manufacturer would have to stand nine cents, and the yardman would have to stand nine cents a thousand.

From the fall of 1905 up to within a couple of months ago logs had practically doubled in price—no, that is not quite right. No, they doubled in price from the fall of 1905 up until the fall of 1906, and they stayed up until we had a strike that spring when they came down. But we were not affected by the highest price of logs, because we had contracts ahead, so we did not have to pay the highest prices for logs. We got caught on some things, and then again we may gain sometimes. The logs we paid $6 for one year, we paid $12 for the other year. This $12 rise continued, I think, from the first of January for about two months—for about three months, January, February and March. But we had a provision with our loggers that they should give us notice, and for that reason it did not take effect with us as soon as it did with others.

We have overrun in our mil. The average is from 18 to 20 per cent., but last year it was not near as high as that, because loggers insisted on having a big scale, they wanted a scale for the rot, and everything else.

I don't think we could cut more lumber out of the tree. I think they cut them as close as the Columbia river. I don't know about the logging, though; I would not say. We are cutting very close now; we do not leave anything in the woods that will make lumber. We sold this knotty stuff and the tops to you for ties. We get $12 for No. 1 ties, and we get $6 for cull ties. It does not make any difference what you sell your refuse for, so that your total receipts are correct. It is only the total that counts. It does not make any difference. You can give some of it away. I have seen times when we shipped logs to San Francisco, and did not get a cent for them. We expected to get paid for them to be sure, but we did not, and still we did not lose any money. The average proposition of the disposition of the entire product is all that counts.

Cross-Examination.

Our mill is situated on the east side of the Willamette river. It is not in the heart of the city. It is at the tail end of it. We have made water facilities. We did not have them

originally. We have done some dredging. We have water facilities, and vessels go right alongside of our docks, and our dock is a part of our mill plant. We can practically run our material that we sell for export or for San Francisco, practically from the saw mill right into the vessel, and we do that. We handle it as economically as we know how.

In addition to that we have the Southern Pacific tracks there, also the O. R. & N., and they switch cars right in there, but if it was a Northern Pacific car we have got to pay $15 a car. We don't pay for switching, only the Northern Pacific. By paying the switching we can get Northern Pacific cars.

In the last two or three years there has been in Portland a very large demand locally for lumber. We have not shipped out more locally than we used to in the last eight or ten years, I don't think. There has been a fair local demand during the last six or seven years in Portland. There have been a great many buildings erected in Portland for the last two years. We sell our refuse in and around Portland. Our waste is extremely limited. We claim that our mill is one of the best situated and best operated mills in our section of the country, although the Eastern and Western are probably just as well located. The way we are situated in sawing our lumber, we saw a great deal of random lengths, and to some extent that saves us cost in operation over a mill that is sawing for particular orders; it saves some cost.

The fact that we are situated there in that way with regard to water is in that respect a marked advantage over an all-rail mill, but the all-rail mill that is in the woods gets its logs for about three or four dollars less than we do, or if they do not they do not manage right. We get rid of our stuff better but it costs us more to make it.

Up to last spring we ran night and day, for five years. We were cutting the largest amount of lumber during the last three or four years of any mill in the world. In 1906 our cut was 146,000,000 feet. I think in 1905 it was 131,000,000; in 1904, 122 million; in 1903, 118,000,000, or something like that. I don't remember in 1902. These may not be exactly right. It was only last year and this year that I could tell you exactly. I think it was close to 1902 that we made a change in our mill. Whether it was the year before I do not know. They jumped from 84,000,000 to over 100,000,000, but I don't know whether that was the year or not; 100,000,000 for 1902 would not be so very far from it. It is not far enough from it to make any difference. 146,000,000 feet is probably right for 1906. I said we made $500,000 in the last five years.

We were to cut 77,000,000 feet at the end of this year. Of course I have got to guess at this month. A mill might burn down and they might not come out right; but otherwise they will come out right as nearly as need be. Mind you, I do not claim to know within a few hundred thousand feet.

I was summoned here as a witness. I did not bring any figures with me. This year we will say 77,000,000; 80,000,000 feet is near enough right. 600,000,000 is practically what we have cut since 1902. I do not think quite that, I think it is will lack about 8,000,000 feet of 600,000,000 feet. I did not say in that time we had made $500,000. I said a million dollars. We made a million dollars on six hundred million feet of lumber. You can figure up the average profit per thousand yourself, something like $1.80. That is near enough right. When I spoke about $4.00 profit I did not mean that has been our average profit for a series of years. This year we have tried to get all we could. Before that we were kind of running to a great extent for sport. There was another mill that was in commission at that time and they cut so much lumber, and my friend, Mr. Inman, wanted to put them —(interrupting)—at any rate, taking a period of five years our average profit on lumber has been about $1.80 a thousand.

We had a strike in our mill this spring. Our men said at the Union meeting that they had no grievances whatever. They never told us they wanted anything. I don't know what they wanted. They did not ask us for 25 cents advance. They never asked us anything. I did not appear in the newspapers in a statement that the saw mills could not afford to pay 25 cents more. I never said anything of that sort. The question came up when the lumber men met whether we should give them the advance, and I said, "No, gentlemen, not now. I have had before this to reduce wages, and that is the worst thing in the world that I can do. There is something in the air now that I do not like; the next change in wages, I am afraid will be down." That is what I stated, and that is the reason I did not want to give that advance at that time, because I was reasonably certain that we had passed the summit and were slipping down hill.

If the mill men of Portland in fighting this strike stated publicly as their side of the issue, that on the profits they were making they could not pay 25 cents more for labor, they lied. I never heard such a statement and I certainly did not make it. I told you why I did not pay any advance. We did

not pay it. I was not looking for a cut, I was looking for conditions that would avoid a cut. I did not want to create artificial conditions that could not be upheld. I want you to understand that I am always with the workmen. I am with them today. We have not reduced wages and we are not going to if we can help ourselves.

I do not belong to any lumber association of any kind. There was a strike some years ago and after that we had a kind of retail combination there so as to hold all the members together, so that the weak brethren would not slip away from us. I would not go into the Association for anything. When a strike comes I am all there, yes, sir.

Last year when there was considerable agitation respecting the car shortage in Portland, I did not sympathize a bit with that. I took no part with the mill men in trying to help out that situation. There was no one to help it. The railroad could no more accommodate itself to the business than we could. We could not half supply our orders and the railroads could not help supply cars, and the banks could not supply the money.

Of this lumber that we cut last year I suppose we have on hand in our yard by this time about six million feet, I don't know for certain. January 1, 1906, we had six million six hundred thousand feet. July 1st we had five million ninety-five thousand feet; October 1st we had five million seven hundred and twenty-seven thousand feet; April 1, 1907,—we skipped the 1st of January; there was something happened, I don't know what it was, that we could not take stock right at that time. We had several vessels loading and we got muddled up; at any rate it was not accurate enough for me, so I did not put it down. April 1, 1907, we had four million one hundred and fifteen thousand; July 1, 1907, three million eight hundred and twenty-five thousand; November 1, 1907, five million three hundred thousand, but I think it is about six million feet by this time probably.

We were running night and day in 1906 cutting at the rate of one hundred and forty-seven million feet a year, the largest cut of any mill in the world as far as I know. We did not get nearly all the cars we wanted. I will say that the lumber gets out of the way. You need not worry about that. Our lumber did get out of the way and it will get out of the way now, too. It is not stacking up today. We had the largest concern on the Pacific Coast some years ago, but when they built so many mills, every mill was getting some cars, and did

get them, and we could not get them, so we had to get water outlet, so I simply hunted for other outlets and got them.

There has been trouble enough with car shortage. We have no lumber left on hand because we shipped it elsewhere. We got rid of it and we will get rid of it under any circumstances. Don't you ever believe that our principal purchasers other than our water shipments was the Southern Pacific and the O. R. & N. Company. The O. R. & N. Company will not favor us one particle.

I think I have as many scraps with the railroads as any one I ever saw. I hired an Irishman that had an awful bad gab on him, to just go and worry them.

No, it is not generally known in Portland that I am a very bitter fighter of railroads. I am not a bitter fighter of anyone, but when they come some of their smart games I get back at them as much as I know how. We are not getting along better now; we simply got other outlets. I am not quite as handy as I used to be at gabbing. This man that we hired, that did not fix it up properly. We had lots of fun out of it, though. I was asked to come here by Mr. Miller of the O. R. & N. Company. I told you I thought it was my duty to come. I would not have come across here for any money in Christendom. I would not take this trip over here at this time for anything.

I was not asked to produce for the benefit of the Commission for this hearing a statement showing our lumber shipments for a series of years, the territory they were shipped to and pretty tolerably full information about our business. I have no objection to furnishing to the Commission the same information respecting our shipments, if you should ask for it, that the other mill men, or many of them, have furnished at the request of the railroads, but I am afraid that would be a terribly long job.

You were fighting and I am not fighting. No, I am not fighting you. I am simply stating facts, my dear sir. I do not care what the rates are. They raised us on the rate to San Francisco from four dollars to six or seven dollars. My opinion about this raise in the Colorado rate is that it is ten cents higher than it ought—than it used to be. I don't know anything about rates.

We ship to Colorado, but I don't care what the rates are, that is immaterial. The lumber men are competitors. I have nothing to do with the rate. I have said to what extent the advance of fifty cents in the Colorado territory would affect

us. Out of the $2.70, one-tenth of that is 27 cents a thousand for the total cut. If that is divided up between the logger and the mill man and the other people, we are all out. On the lumber we sold in Colorado last year, we got the same as we got anywhere else, and we will get that forever. I think we could have got most anything last year, in Colorado, or anywhere else, because I was offered from one, to two or three dollars higher than our price, and I refused it, last summer. I declined to take a higher price because we were getting wild. Our price had doubled or nearly doubled within a year, and I know that would result in a break. I considered that the lumbermen were acting like fools. We sold lumber for $1.00 or $2.00 a thousand less than other lumber men, and less than we could get. At the same time we were selling to the Southern Pacific ties for $7.50, but that was on a contract, taken the year before. There was sweetness enough in the other business anyway. I am under oath and I know what I am talking about. I did not say that we were offered a dollar and a half to two dollars more a thousand than what we would sell the same thing for in Colorado. I did not understand the question. I said that there were piles of people coming from the East that were offering us contracts at an advance of a dollar or two, and I said, "Gentlemen, we cannot take it."—not in Colorado. I did not want to get wild, and I did not want all the people there to get wild.

I don't know whether on the lumber we sold last year in Colorado we could have gotten $2.80 more than we sold it for. I have not hunted any business in ten years, I think; no—ten years is too long—in eight years, I think.

I don't know anything about whether we could have gotten more in Colorado than we were selling for. I have been in the business a long time and I am familiar with the lumber business. I think since I have left Portland we have had orders from Colorado points at our regular prices. A 10 per cent. advance to Colorado points will probably stop some of the business. I think it will. I said if the rates in Colorado had been five cents less, I would have thought better of it, yes. I would rather have it ten cents lower. You cannot make the rate any too low for me. Rates do not bother me the least little bit.

I stated that we make two per cent. first clear, ten per cent. second clear, eight per cent. third clear, seventy-two per cent. common, and eight per cent. refuse. The class of lumber that goes foreign from our mill is mostly common, although there is some clear. I think in the case of a rail mill cutting more

largely for the eastern market, their lumber will be cut in smaller dimensions on an average than ours. I always fished for the largest sizes and that decreases the cost and expense.

We ship a little dry kiln lumber in steamers to San Francisco, but not enough to amount to anything. That expense is done away with.

In shipping to the eastern markets by rail, a very large proportion of it is dry kiln, of the higher grades. In loading a car with this high grade lumber much of it is tied in bundles. It is more expensive than running it into the hold of a ship, that is it costs more to load a car with the finer grades of lumber.

Our cost in our situation as compared with the rail mill shipping largely east, handling its product as I have suggested, would naturally be lower as to that part of it, but we have so much retail trade that that would probably bring it up to just as high as the other.

I said I think as far as Portland is concerned, shipments to this affected market were not ten per cent. of the output. I did not go outside of Portland. I know nothing about the rest of them, and I only guessed at Portland, but I heard Mr. Buehner's testimony. I am not simply basing my estimate on Mr. Buehner's testimony; also on my own knowledge. I don't know anything about where the shipments of the Peninsular Lumber Company go. They go east to a large extent. That is a Portland concern. I may be wrong in saying that; I only know my own business, but I have been asked for my opinion.

It would be a terrible job for me to furnish the information that was requested of the other Portland mills, that is for a series of years to show our shipments and what territory they go to, because our books are not kept so that that is at all separate. Our rail shipments are all mixed in together.

Re-direct Examination.

(The witness was here asked by Mr. Cotton, counsel for the O. R. & N. Company, to furnish to the Commission a statement showing all the lumber, and the prices at which sold by the Inman-Poulsen Lumber Company to the O. R. & N. Company, or the Southern Pacific or any other company connected with the Harriman lines during the last three years; also the dates of sale. The same request was asked on page 1402, of Mr. Buehner.

On page 1407 the Commission asked that the Southern Pacific and the O. R. & N. Companies furnish a statement show-

ing from whom they purchased lumber during the last three years and the price paid for it.)

(Continuing the re-direct examination of Mr. Poulsen, he testified:)

I don't think we shipped ten per cent. of our rail shipments into these eastern territories, not that much.

(In response to a question by Mr. Wimbish, the witness testified that their output had been practically 600,000,000 feet in five years. Continuing he testified:)

From that we derived a profit practically of $1,000,000, a little over. That is approximately a profit of $1.67 per 1000 feet, whatever it figures out. I expect it figures out that if we had shipped all our products by rail to eastern markets affected by this advance of $2.80 per 1000 feet we would have paid in freight in that time on that cut, $1,678,000, and instead of making any profit, we would have had a net loss of $678,000; but I don't think that has much to do with the case.

C. I. MILLARD (Record page 1411), testified as follows:

My home is in St. Louis, and I am here under subpoena. I am engaged in the general lumber business. The various companies in which I am interested are engaged in the manufacture and in wholesaling and retailing all kinds of lumber. I have made a study of lumber problems and the movement of lumber. I have been engaged in the lumber business since 1883. Our mills are situated mostly in Louisiana, Arkansas and Mississippi. We have one in operation in Wisconsin. The only wholesale lumber yards, in the sense that material is assembled and distributed, that we have are in Illinois and Indiana; but our general wholesale business is distribution by cars and cargoes from the mills direct. The two wholesale lumber yards are at Mt. Vernon, Illinois, and South Bend, Indiana. I am also engaged in the retail lumber business. We have a number of lumber yards in Iowa, Kansas and Oklahoma, three in Iowa; seven in Oklahoma and about seventy in Kansas. I am interested in twelve or thirteen mills.

We cut nearly all yellow pine. Our approximate output from the several mills is 15,000,000 feet a month. My experience was in the manufacturing of white pine on the Mississippi River. After that our supplies for the retail yards came from Michigan. At Chicago we had a very extensive distributing yard, from which we distributed about 300,000,000 feet a year. Then all the supplies in that western country came by rail from

Minnesota, Michigan, Wisconsin, and from points on the Mississippi river, where the white pine was manufactured into logs that were floated down the river. In about 1886 we commenced to buy yellow pine, and that wood was largely increased, and has been increasing up to the present time. After 1897 we commenced to buy a good deal of lumber on the Pacific Coast, and Arizona and New Mexico, Montana and Idaho. My experience was based upon the fact that I was constantly on the move, visiting these mills, and making contracts.

I have studied the lumber situation as regards other woods which I have named; and have had practical experience in the handling of them. Prior to the year 1896 my handling of lumber was confined nearly all to white pine. The substitutes for white pine which were being forced on the market led to the change by which we began to handle other woods. North, we bought Norway and hemlock as a partial substitute for virgin white pine, and then yellow pine became an increasing factor of greater or less potentiality, as the years increased. I think the maximum production of white pine in the Lake states was reached in 1892—a cut of about eight and one-half million. In 1896 we ceased to handle white pine solely. Between the years 1893 to 1896, white pine ceased to be manufactured to the greatest extent in Michigan, along the Lakes, and the greatest production, the center of production, moved to Minneapolis. Then the extension of what was called the Omaha line from St. Paul to Duluth and Ashland, opened up a great forest there. The Wisconsin Central was built from Milwaukee up to Stevens Point, and it extended on up to Ashland; and the Northwestern also had various lines; and the Milwaukee extended their operations into Chippewa Falls and Eau Claire, so that all the timber which was formerly rafted, either in the round log or sawed, down the Mississippi River as far as St. Louis began to be manufactured at the mills located near the sources of supply.

The factors which led to the substitution of other lumbers for white pine, were the decreasing supply and the inferior quality of the white pine logs, and the opening up of other sources of supply, and competitive features. The new woods were always sold at a sacrifice price. They were forced on the market. There was undue stimulation in many cases. The various lumber conditions, or business conditions, of course were a potential factor, but the main thing always was an effort to sell the substitute for white pine. Cypress and poplar began to be a substitute in the manufacture of sash and door,

and then yellow pine to a more or less degree, and finally the main source of supply for sash and door for stock sizes began to come from the west.

In using the phrase "undue stimulation," the thought I had in that was the ease of reaching the market, which was brought about either by natural or artificial water ways. The logs which originated or grew tributary to the rivers driveable, or which were made so; in Maine and Nova Scotia and in the southern country, the rivers that entered near Savannah and Pensacola and Mobile and the Railroads at those places, and the Beaumont & Orange and Texas were always the centers of log production, where the logs came down more easily. After those supplies were in a measure exhausted, if I recall it rightly; in 1840, I think the census of 1840 showed that there were 6,000 saw mills in operation in the state of New York. Most of the larger mills were at the head waters of the Hudson river. That business was naturally marketed at the mouths of the river, and always at a low price. New York was supplied from the Adirondacks; Philadelphia was supplied from the Delaware river, and Baltimore drew its supply from the Susquehanna river; from Williamsport. The white pine was first cut away, and then after many years hemlock was substituted. By artificial waterways, I have in mind the greatest stimulus was on the Erie Canal. As soon as the timber was exhausted from the natural waterways it began to come from Michigan, at an equally low price; always at a sacrifice of value. Then the rivers in Michigan; the greatest producing section was in the Saginaw basin, until it was in a measure exhausted. Then the pineries at the head of the Muskegon, and the River that comes in at Grand Haven, that was a center of production—Muskegon was the greatest center at that time. It was called the sawdust City. The timber was floated down to those various manufacturing centers, it was carried across to Chicago at a very low price. The railroads made very low rates to carry it beyond to supply the treeless states in the west. After the maximum production was reached at Muskegon, Minneapolis was the next center of production, and the fact that logs and lumber could be floated down the Mississippi River at a very low price also increased the desire to manufacture the logs and lumber near the source of supply. The measure of cost from Chippewa Falls or Stillwater to St. Louis on lumber rafted in cribs did not exceed 2 cents or 2½ cents a hundred pounds for a thousand mile draft down the river. The markets of St. Louis were supplied by northern lumber. St. Louis was built

of white pine, although we had within a few hundred miles of St. Louis large supplies of southern pine, but until the white pine of the north was nearly exhausted the yellow pine did not become a factor. And the same condition now obtains, inasmuch as by means of the low rates which have been made in the past few years the western lumber has become a great factor, and is met in the treeless states—Nebraska and Kansas and the Dakotas—by the southern pine in active competition with the northern products.

My first experience in Detroit was that we could only sell clear yellow pine. To obtain clear yellow pine we had to cut only the good logs; we could not sell any common lumber, or even the select grades at that point, because the lower or cheaper grades were supplied from the lower class of inferior class of logs which remained there after the good lumber had been cut off. For instance, the best class of uppers, that is the best class of logs in the forest that was tributary to Detroit was cut into materials that went to the eastern markets, or cut into material that went to England. That was the good lumber. It had to be clear lumber. So that in ten or fifteen years after that Detroit could depend on its supply of common lumber from its near-by forests, but to obtain high grade material it had to buy from the south, or cypress or poplar, some of the substitutes for white pine, of the grades which were depleted.

If I understand your question correctly, the substitution of white pine in the lower grades by Norway, which was once despised because it was thought inferior, by hemlock, was forced by market conditions. That is you could buy a better and clearer board or timber, freer from knots in Norway at a lower price than you could in white pine. It began to be a factor soon after the home market began to use the lower grades. Before the white pine forests had grown to be so much less in volume as they are now in output, in cutting a white pine log we would get far better grades or far larger percentages of good grade lumber with which other lumbers could compete, because at that time they only cut the best trees or the best logs out of a tree; they did not bring in anything but surface clear logs, that is, cut below the branches.

The percentage of low grade lumber now from white pine logs as compared with the character of lumber that we got from those logs in 1892, is very extraordinarily great. In those days we only had first, second and third class common boards, as we might term them, those being below the clear boards.

Now, they have as high as six grades of common, and mill culls, which were formerly used for the cheapest class of building material and making boxes, have been graded up until, as I say, we have six grades of low grade lumber, and the natural result is that since white pine of the low grade is very desirable for some kinds of manufacturing products, and especially if you are making boxes, and the smallest and most inferior tree is utilized, they bring in all the dead and down timber. That makes necessarily a much poorer grade of lumber, and allows competition of other woods.

I made some figures about the amount of white pine there is standing in the Lake States, by which I mean Michigan, Wisconsin and Minnesota, at one time, and I think I have them available here now, but I do not seem to find them. My recollection is that the last estimate made of Minnesota was made by the Fire Warden, in which he thought it was between twenty-five and thirty billion feet of white pine remaining in the State of Minnesota. In Michigan it don't amount to anything, and in Wisconsin there may be eighteen or twenty million of white pine and Norway.

The most available figures of the yellow pine standing in the South give the total of the short and long leaf varieties of about one hundred and sixty billion. There are about six hundred and fifty billion in Oregon. My estimate for the southern states includes west as well as east of the Mississippi river. It includes the states of Texas, Louisiana, Arkansas and Oklahoma. Texas and Louisiana contain the largest amounts.

The taking of the place of white pine by spruce and hemlock for various manufactures is rendered inevitable by the physical conditions of the two timbers. Spruce in the Adirondacks and in Maine and Nova Scotia and New Brunswick is practically all that is manufactured, and the western part of Pennsylvania supplies all the hemlock. What is to say, in New England and through there, except what is locally produced in Maine and in the Adirondacks.

The Douglas fir and the spruce, that is cal'ed the Noble fir, that is in Washington and Oregon. In California there is the Redwood, the western pine and the sugar pine. In Idaho and Montana there is what is called the Western white pine and the mountain pine, a variety of which is nearly commercial and botanical white pine. In Arizona there is a species of white pine which is very light and a very good substitute for white pine, which is called the Arizona white pine.

My memory of the increase in prices of white pine in the last eight or ten years, that give, for instance, the better class of flooring or ceiling or siding, would be better on the upper grades of white pine; shop lumber and the three upper grades are called uppers. They used to sell on the Chicago market, within my own experience, for $18.00 to $25.00 a thousand. I think that was in 1882 and 1883. Within ten years, I presume, the price has gone from $40 or $45 to $65 on that grade. That is used in sash and door factories and joinery shops, to make trim and patterns. It is used for any purposes for which the Douglas fir is used as a substitute. Spruce makes an excellent substitute for bevelled siding and for factory work.

I do not believe I could state the comparative prices of fir and spruce used for the same purposes at the same time. I said the increase had been from $45 to $65 in white pine uppers. The prices of white pine uppers are about $65 a thousand. My memory is not very accurate on that, but I should say, my recollection is for clear spruce the price is $20 a thousand on the Pacific Coast. I would not be sure about that.

The cash cost of making yellow pine lumber is conceded to be about eight to nine dollars. What I mean by the cash cost is the expenditure for wages and labor. The logging is from two and a half to four dollars, including the logging chance. What I mean is, if the timber stands thick on the ground it is very much cheaper than when it is thin. When it is thin you have more miles of railroad to build and have a longer haul. Those prices do not include the cost of depreciation or renewals, except in a minor degree, or the cost of insurance or taxes.

The price on stumpage there is practically three to four dollars.

(Referring to certain figures shown him, which the witness had made up by request, he testified:)

I made that from an average of the cost accounts of all our mills. The stumpage at $4.00; cutting the logs, 40 cents; skidding, $2.00; railroad expenses, $1.50; the expense of putting the logs from the pond to the car, that is to the saw mills, to the dry kilns, and to the yard and to the planing mill, $4.00; office expenses $1.00; insurance and taxes and depreciation $1.50. Total, $14.40. I think that is fairly representative of the cost of manufacturing at each of our several mills. It will vary somewhat at each mill and at different times. The analyses of the cost account are extremely difficult because in many instances one month's operations are very much more economi-

cal than another, with other conditions and a thousand things interfering. All we can get is the general average and that is what I have given.

There are decided differences in the manufacture of fir lumber and the manufacture of yellow pine lumber, as evidenced by the figures. We have never been able, under the most favorable circumstances, to put lumber on to the cars at the figures I heard yesterday afternoon and this morning—which are the only sessions of the Commission I have attended. Our cost is very, very much greater. If we had a saw mill located at a seaport or a navigable river, where we could ship directly from the mill, and could put the output of a log, or comparatively so, directly into a vessel, of course our cost would be very much less; but where we prepare the general output of the mill for a varied car load we bring in all classes of logs, all sizes, and manufacture it into very many more pieces per thousand. We kiln dry all the good lumber. The common is loaded and dried. It all has to be planed. The expense of selling and the general marketing costs of all kinds are in excess of the prices I have heard here. Our logs run, perhaps, six to twelve to the thousand. A fir log, of course, is in many instances much larger than that. The additional expense is caused by the number of logs we have to put through the mill to get the required output. I was noticing some figures. One of the daily reports came in the day I came from home, where a mill sawed, I think, four hundred and eighty-eight logs and produced seventy odd thousand feet. That production means a great added expense, on account of the number of small pieces in the small logs that have to be manufactured.

The average production in feet of our logs would run from six to twelve logs to the thousand. The school house joist is probably two by fourteen—twenty-four or twenty-six. It would be difficult to fill an order for a considerable amount of two by fourteen in long leaf pine. We are troubled with hard shapes in long leaf pine, and if we take a log and make it into wide, thin joist, there is considerable depreciation, deterioration; it is easier to make fourteen inch joists out of a short leaf pine. In New York recently the building commissions made a sweeping order that they would not accept it at all. Afterwards that order was modified to some extent, but that shows the prejudice in architects' minds against the short leaf pine for building material.

The advantage which Douglas fir has over yellow pine in supplying lumber of long and large sizes, is that the trees

are large and sound, and we are unable to produce it. I heard Mr. Poulsen say that his price for a two by four, ten or twelve by two and fourteen by fourteen, thirty-two was the same thing. His prices showed that was his base price for those sizes. With the yellow pine the price would vary $20 a thousand on account of the difficulty in obtaining large and long pieces out of those trees. By that I mean while it is not impossible, while we produce bridge stringers, sixteen inches deep and thirty-two feet long, yet in order to do so we have to go over great distances and build a great deal of spur track, or else haul the logs a long distance to obtain big enough.

It is difficult to compete with the west in furnishing these large timbers on account of the size of our trees and the necessity of cutting over a large quantity of ground.

The single operation of putting a large log through a properly prepared mill does not vary in time. That is, the simple fact of bringing the log into the mill and putting it onto the carriage does not take much longer than for us to put a small log on to the carriage. We would have to turn the small log the same as they would. Theirs would require more time to turn a large log than a small one; but after a log is on the carriage there is no time lost, the manufacture is continuous. And the expense is very much reduced. Then, if one has an order which will take large sticks he can produce two thousand feet of lumber out of one log at a very much less cost than would be required for us to produce two thousand feet out of twelve or twenty-four logs. The percentage of uppers, good lumber, is largely increased out of a good log, because the percentage of sap on a large log is very much smaller than the percentage of sap on a small log. You would be able to produce an all hard stringer, of course, very much cheaper out of a large log than we would be able to do so out of a small log.

Douglas fir weighs about 3300 pounds per thousand feet, and the yellow pine weighs 4500 pounds per thousand feet, both green. As I understand, there is a very much greater reduction in pine than there is in fir by the drying process, because there is more water in it. If you dry out a thousand feet of pine and a thousand feet of fir into a given dimension, in flooring and things of that kind, the pine and the fir would be probably about the same. The pine by which our mills are surrounded and which we cut is fairly representative of the pine in the states I have mentioned, except in Mississippi. Our operations in Mississippi ought not to be taken into ac-

count, on account of the storm and the results of that storm, of 1906.

The mills in the south are now largely shut down. The price of yellow pine lumber is very much cheaper now in the south than the price in October. In the spring and early summer of 1907 we began to feel a relaxation in demand, and prices became softer. After the financial disturbance they slumped very suddenly. There are very few new orders there now.

I used to manufacture white pine shingles. Of course we have bought millions of feet for our lumber yards. In the old days we all bought white pine shingles only and later we began to buy some redwood. That was the first foreign wood that we bought. Redwood shingles then came in, and then some cypress, and then we turned entirely to western cedar. We did at one time use some white cedar, but they were not a great factor. I should think that the percentage of the red cedar shingles would be more than 60 per cent. of the entire eastern manufacture.

That is only an estimate on my part, but there are hardly any white pine shingles made any more. Instead there are a great many cedar shingles sold in Oklahoma, and a good many in Texas; some in Arkansas; a large amount in Tennessee and Kentucky. Those are the southern boundaries. The northern and western and eastern territory is entirely supplied, except on the extreme Atlantic coast. There are some white cedar shingles also sold. Red cedar shingles will of necessity have a market more or less over the United States everywhere. It must. I should say that it is the controlling effect in the market. All other kinds of shingles have to be sold in competition with the red cedar.

We must have over sixty yards in western Kansas. The common lumber we handle there is yellow pine at the present time. The upper grades are largely supplied from Arizona, Idaho, Montana and the Pacific Coast, and California. There is some little cypress. We made arrangements to replace the yellow pine with other lumber two and one-half years ago. We found our competitors were getting western lumber and that it was selling better in competition with the white pine than yellow pine, and in order to avoid carrying duplicate stocks, which in fifty or sixty lumber yards meant an additional investment of three hundred or four hundred thousand dollars, we determined to supply the yard where the rate situation was involved, from the west. By that I mean on the Union Pacific and on the Rock Island and on the Santa Fe.

We determined to supply that with western lumber. Our buyer was sent west and bought large quantities of common lumber and boards and dimensions and roofing, and in Idaho and Montana and eastern Oregon and also on the Pacific Coast. It was our purpose at that time, since we recognized the inevitable under the rate situation as then existed, to carry in many of those yards a complete stock of western lumber. We had to abandon it because of the fact that we could not obtain a regular supply on account of car shortage.

I ordered several million feet. We thought we would be able to deliver it in eight weeks, and it was about eighteen months. It was the car shortage which shut us out from carying that out. We could not obtain the lumber in anything like regular supply, and since we could not obtain a regular supply we had to abandon that entirely.

I said it was recognized as a good substitute for white pine, and we could obtain a better price for it often than yellow pine. There is a prejudice against yellow pine among architects. In using the expression that under the rate situation then existing I recognized the inevitable, I meant that the rates on western lumber, particularly from what is called the Inland Empire, and eastern Oregon, were in favor of the western lumber as against yellow pine. In many instances it cost less per thousand to bring it in from there than it did from Texas or Louisiana. The advance in the rate now into that territory would have made a difference of perhaps a dollar or a dollar and a half a thousand. If we could have bought that lumber at the same delivered price, or comparatively the same price, we would have contemplated, after that advance, using the western lumber. I contracted for lumber in western Washington. In the last two years all the cars we loaded, or practically all, came into the south under load. I am a lumber manufacturer and also a retailer of lumber and produce in our saw mills about fifteen million feet per month.

Our retail sales are not over sixty per cent. lumber—building material making up the difference. I presume we will handle at retail—and by the way, I have neglected to state that we have an interest in retail yards in St. Louis and Chicago—probably seventy-five to one hundred millions per year. We wholesale twenty millions a month. We buy more than we make, if you want to put it that way. Our yards are run on an entirely independent basis. We buy the lumber wherever we can buy it cheapest, and there is a small per cent. of what we make ourselves that we sell to our own yards.

A great many of the empties that we get are made empty at the seaboard. They go south loaded with grain and they may go to large distributing centers such as Shreveport or Little Rock, which points receive a great deal of merchandise in cars, which cars are there made empty; and a large number of cars go to New Orleans under load with grain. These cars load from the saw mills, going into our territory.

The grain comes from Kansas and Nebraska through Galveston, and from Illinois and Iowa and Indiana through New Orleans. Merchandise comes from everywhere—New York, Chicago and St. Louis. There is no such timber in yellow pine as twenty by twenty, eighty-five feet long. The largest order I think I ever took was for two hundred pieces, twelve by fourteen, fifties, that went to Montreal by sea. That was the largest order that we ever handled. That is in fifteen years experience in yellow pine.

Most of our mills have short carriages. In Arkansas we can only get out about 24 feet. In Mississippi and Louisiana we can cut forty to fifty feet. The general average of the logs we cut I presume, would not be over eighteen feet long in Mississippi and Louisiana. In Arkansas they would not average over fourteen feet.

I never heard of any Florida lumber going to St. Louis; not much comes from Georgia. The rates are against Georgia to St. Louis. The car companies in St. Louis, I think, have in the past bought some material in Georgia; but most of the Georgia lumber goes to a point where the rates are on equality—Indianapolis or Detroit; the rates are equal there.

Cross-Examination.

I am secretary of the Chicago Lumber and Coal Company. That company has these lumber yards. Coal is perhaps one-half of what we handle. The coal yards are all in Kansas, on the Union Pacific, the Rock Island and the Santa Fe. We were not interested in the yellow pine case. We are on both the east and the west side of the river, but we were not interested in that case. We have railroads there in connection with our mills. The railroads which are owned by the parent companies are allowed divisions of rates in some instances. We were not complainants in that suit. I was not a witness in that case.

I do not recall having taken any interest in the reduction of yellow pine rates from that section and Louisiana and

Texas to the eastern territory, as against the North Carolina and South Carolina rates. We at one time all tried to secure a readjustment into the Pittsburg territory.

You understood me correctly in stating that the average cost of our lumber was $14.40. That was in the south and includes the stumpage, the stumpage at $4.00. Our average selling price during 1907 was not far from $16.00. The yellow pine lumber is not sold on a base price, as the hemlock is. I am not familiar with the average you get at in your country. A two by four, by sixteen, is a common size. I do not object to telling you what that was selling for at the mill on August 1st, 1907, but I could only give you an approximate idea from memory. I should imagine a dimension of that kind in August would bring $14.00, at the mill, perhaps $14.50. I say that the average selling price during 1907 was $16.00 and something—you asked that question. I say it was not far from $16.00. At some of the mills it would run below that, and at some of the mills it would run above that. I should say $16.00 was a fair price. In 1906 it was a little less. Stumpage has advanced in our country in late years very much. Lumber itself has advanced quite largely in the last five or six years. Lumber was advanced slowly; it always followed the advance at the mills, but it has advanced.

I did not say awhile ago that we could not even saw down the sticks that would do for joists for school houses. He asked what was the common size of joist, and I said that a school house joist was two by fourteen, by twenty-four. We do saw those, but we would not compete on those with the west.

Lumber is cheaper at the saw mills, and the retail price is cheaper near the saw mills. If they should raise the rates into Colorado and Kansas to an amount equivalent to $2.80, I think our sales in Colorado would be reduced. Our sales would be restricted. Our mills could not absorb that advance if we could obtain better prices in other markets, we could not absorb it. I want to make that clear. If the only market we had was restricted, we could only sell in one place, we would have to absorb it, but if we were shut out of one territory, we would stay out, because we would try to market our products some place else. I don't think in our territory that we sell more yellow pine than western lumber.

It is hard to answer categorically whether if our freight rate into Colorado was to be raised on our rough lumber, so that it would amount to $3.00 a thousand on our green lumber, we could sell in that territory and make anything. It

would depend on several things, whether or not we could produce it at cost. I cannot follow you very clearly. I have tried to understand you. If there was a raise in freight rates from our section to Colorado, to the extent of $2.80 to $3.00 a thousand, the effect would be that we would not meet the competition on our common lumber. We would probably do the best we could, governed by what the conditions of the competitive markets would be, governed by the ability to find a market there. There are other things besides lumber that compete with lumber.

Competitive conditions existing now in Denver, from the south, are insignificant. I know that is so in Colorado. I have information as to what we are able to do in Colorado. The rates have been advanced in there until we are not able to sell there, and the other rates have been reduced. Our company is now building a large saw mill in Louisiana.

I should say, taking that treeless section, that it is better for the consumer there to have the opportunity to purchase yellow pine or white pine or fir, and that it tends to better conditions for them.

Our Arkansas mill is situated on the Rock Island and Iron Mountain in Arkansas. Our Louisiana mill is on the Texas Pacific and two are on the Kansas City and Southern; three are on the Iron Mountain, and one is on the Santa Fe. They are west of the Mississippi River. Our Mississippi mill is located on the New Orleans & Northeastern. Our shipping point is a town called Richburg.

All Central Traffic Association territory points base on Cairo. That includes St. Louis and other other Ohio River crossings, and also through Thebes, which is a new gateway.

The rates from all points east of the Mississippi into Louisiana, and Mississippi, and Georgia, to Cairo, are the same. They have all lately been reduced two cents a hundred pounds, and are now 14 cents. The rate to St. Louis is eighteen cents. St. Louis is not formed on the combination; the local from Cairo to St. Louis, I think, is four and half cent or five cents. The rate from Arkansas, Texas, and west of the Mississippi River, and Louisiana points, is the same, to Cairo. We have the same rate into New Orleans. It is not true that we can draw at St. Louis from all the southern combination territory, from Texas to Georgia, at the same rate, because the rate from all points west of the Mississippi River to St. Louis is two cents higher than from Mississippi. The rate west of the river has not been reduced, but in that territory we have the tap-line allowance. The rate from that territory into

Kansas, where we have so many yards, is graded. We grade it on the common point rate to the Missouri River, which is 23, and we grade it up as high as 27 cents. The average rate we maintain to the yards we have in Kansas is over thirty cents. The rate from the Pacific Coast and Washington to these same points, runs from 50 to 58-1/2 cents. The average rate from the south is about 34 cents. From 34 to 54 would be 20 cents difference. I should say that it was a fair average, that the rate from the Pacific Coast points are at least 20 cents a hundred higher than from southern pine points. That is not the minimum because we have some 34 cent points from the south. We have from 54 to 58 from the Pacific Coast. Assuming that the average weight of western lumber and southern lumber is the same, at 2500 pounds per thousand feet, 20 cents per hundred difference would make $5 a thousand, that is $5 against the Pacific Coast in favor of yellow pine in that market.

I know nothing about a statement in the Government reports that the average cost of Douglas fir is $14.20, except what I heard here yesterday afternoon. I do not think the percentage of empty car movement from the south and west is over twenty per cent. The movement to the west is very largely in box cars. It is nearly all dried lumber. I mean from Louisiana and Arkansas. You only asked me about the west. The percentage of the movement of yellow pine to points east of the Mississippi River is probably 60 per cent. on flat cars; of western lumber to the retail lumber yards, I don't think there is over 20 per cent. in normal conditions. Of course there are times—I recall last spring, after the coal moved, there were a good many open gondola cars put into the south; but that was an extraordinary condition.

Our mills are nearly all under limited output. We did not shut them entirely down.

I have been in the saw mills of the John L. Loper Lumber Company of Norfolk. I do not know them.

There are various prepared roofings sold in competition with shingles. We sell a limited amount. If shingles get too high, that substitute will take the place of shingles.

The south has a market for its high grade lumber coastwise and foreign; the best grades of the export mills, of course, go foreign. Prime kiln dried sap, as they call them, go foreign. I have never known of any movement of uppers from Texas by water to the eastern markets, but we have loaded a good many vessels with timbers and building orders. There

was quite an export movement from gulf ports; there is not any now because there is no trade.

I have never had any experience in the manufacture of fir. I don't know anything about the cost of the manufacture of timbers 85 feet long. I would not want to load them. I would not want to handle them in the mills. I should think you would have to have a very strong carriage to handle a tree of that size.

I think a raise in these rates on these lines in the controversy in this suit would have a tendency to inure to the benefit of the southern mills.

Re-direct Examination.

Our rate to Denver is 37 cents. The old rate was 34 cents. It has been advanced in the last week 3 cents a hundred. The tariff has not taken effect, but the notice is out.

Our lumber weighs 4500 pounds green. That would give us a freight rate into Denver, at this 34 cent rate, of $15.30. I gave our average cost on the production here as about $14.40. It would be practically impossible for us to compete against Oregon fir in that territory on rough green lumber of any kind, on that basis.

I am very familiar with the timber business. I was at one time located in Denver, running a retail lumber yard. That was some years ago, but we have always since been in touch with the Denver situation. At that time, we bought all the joists and timber from the coast, and since that time, as manufacturers in the south, we have not been able to reach that market on the class of building material because the rate in cents per hundred pounds does not give a fair idea of the cost per thousand. Lumber is carried by weight and sold by measure. The difference in the weight is as great a factor as any other cost, or any other factor in the value of any material.

The heavy joists and timber that supply Denver come from the coast. The common lumber comes from New Mexico. The flooring and ceiling and finishing lumber comes partly from the coast and partly from the south. We are able to sell more or less edge grain flooring. The lumber that comes from New Mexico is the common lumber—boards and dimension. The bulk of the lumber that is used there comes from New Mexico, it is fir and spruce and some little yellow pine.

Our shipments into Kansas go as far west as the Colorado

line. We stop there because there is a very poor stretch of territory in eastern Colorado and western Kansas, except where there is irrigation. There are some sugar mills in there, some good towns in there. Good Oregon lumber sells in western Kansas, eastern Oregon boards, ship lap, drop siding, and western Oregon 2 by 4's and dimension lumber are salable there. Its ability to sell practically all these markets in the central territory, taking Denver, Chicago, and around in there, depends very largely from all these districts, upon the character of the lumber and the competition as to one class of lumber would extend further into the territory of the other, depending entirely upon the character of the stuff that is offered for sale. We are able to sell, as I say, edge grain flooring in Denver, and we cannot compete in Pittsburg against longer timbers from the coast. We can sell flooring in Denver against Oregon flooring.

Re-cross Examination.

At times we ship green lumber into western Kansas, mostly heavy joist. There is not much demand for timbers; most of our stuff is kiln dried. I should think a kiln dried board in yellow pine and a kiln dried fir board would not be very different. The illustration which Mr. Cotton brought out about 2,000 pounds difference in green lumber, as I understood him, was in the markets, between the eastern and western lumber.

I do know of the Pacific Coast shipping many timbers into Colorado, heavy joists and timbers, heavy timbers like 12 by 12's and 8 by 16's, as many as the market demands.

I said, assuming for the purpose of comparison that the kiln dried or dried western and southern lumber weighed the same, 2500 pounds, the difference on a 20 cent rate, that this gentleman asked me for, would be $5 per thousand. That is the question I tried to answer. I think our dried southern lumber averages, shipping out, 2750 pounds. That is kiln dried and air dried. You asked me the average. It would be more than 2500, perhaps 2650 to 2750. It is a hard question to answer.

In 1903 there was a general change in the rate situation of Western Kansas, Colorado and Nebraska. All yellow pine lumber that originated south of the Missouri, east and west of the Mississippi river stood an advance in freight rates from 2 to 6 cents. That was caused by the fact that there was a 2-

cent rate, a general advance from all producing points in Louisiana, Arkansas, Mississippi and Alabama to Cairo, and since the rates to all the territory termed Central Traffic Association territory north of the Ohio river and east of the Mississippi river, west of Buffalo and Pittsburg, were based on the sum of the locals through Cairo, equalized through other Ohio river and Mississippi river crossings, in April, 1903, that entire rate basis was changed, inasmuch as prior to that time there were many prorating arrangements north and south of the Ohio river. So that a 2-cent advance was a minimum, and from 6 to 8 cents was a maximum in that territory, which also included Minnesota, Iowa, North Missouri, Wisconsin and Michigan. The rates being made through that territory largely on the combination through St. Louis, however, it was based on the Cairo proportions. Those rates were made an advance from 2 to 6 cents in all that territory. The rates on yellow pine lumber in 1903 to all points in Nebraska and Kansas were advanced from 1 to 5 cents. They have never been lowered.

The rates now to all points in Kansas and Nebraska are from one to five cents higher than they were prior to 1903. I answered that I thought that the advance in this rate from the Pacific Coast would be a benefit to the south. The equalization in those rates would be a vast benefit to the south. I started to say that it would be a vast benefit to the south to have an equalization of rate conditions because yellow pine stood in advance, as I have explained, of from 1 to 7 or 8 cents a hundred in all the territory to which it sought a market north of the Ohio river. The common territory or neutral territory between the west and the east was formerly Kansas and Nebraska; but by an advance of from 1 to 5 cents a hundred on yellow pine to Kansas and Nebraska and a reduction of 10 cents a hundred from the Pacific coast on two important articles, it brought the western lumber into keener competition with the south than prior to 1903. Those conditions have existed until now, and, to answer your question, the fair equalization, the fair adjustment, in my judgment of the competitive feature between western lumber and southern lumber is brought about by the advance from 3 to 5 cents a hundred in Kansas and Nebraska territory, and the yellow pine having already paid an advance, a fair equalization would be that the western lumber should also pay an advance, so that our common territory would become debatable and we could both sell. And I believe that this advance

in rates would have that effect. I refer to the lowering of the rate on spruce and hemlock in 1904, 10 cents. That has had the effect, together with a better ability to manufacture in the west, a cheaper cost of manufacture—to constantly force the yellow pine to markets east of the Missouri river.

In speaking in my direct testimony of a condition or situation which would be inevitable, I meant by that that unless there was a readjustment made, if yellow pine had to pay from one to five cents a hundred higher to Kansas and Nebraska and the western lumber did not have an advance, we would eventually and inevitably be driven out of Kansas and Nebraska, to a larger or less extent, according to the variety of the material that was sold.

All I know about the cost of production in the west is the testimony I heard here yesterday afternon and this morning. If people are able to produce lumber from the pond to the car for $3.60 to $3.75, they have a very great advantage over the southern man, who cannot do it for that price, or anything like it. Added to that comes the advance in the cost of the freight rate into a common territory, with an advantage given them by a reduction on the woods which were in the past considered inferior and not competitive. That is spruce and hemlock were not considered as great competitors when they paid ten cents a hundred higher than fir. In other words, they took the cedar rate at that time.

Our lumber producing operations are in the lower Mississippi Valley, on both sides of the river. Our limit in the markets north of the Ohio river, on the east is Ohio, as a general thing. We were never able to get into Pittsburg or Buffalo, on account of the conditions that obtain. In other words, the rate to Pittsburg was as high as it was to New York. We sell from Eastern Indiana and Eastern Ohio on the east, to Colorado on the west. We have shipped lumber to Duluth. We used to ship it into the Dakotas. We have not been able to do so of late years. We have also shipped some lumber to Canada.

In those upper Mississippi markets we now meet the competition of this Pacific Coast lumber, particularly at sash and door factories, car companies and railroad companies.

(The attention of the witness was called by counsel for the O. R. & N. Company to a list of Texas prices made in the Pacific Lumber Trade Journal, published at Seattle, September issue, 1907, page 10, as to the prices of lumber f. o. b. the mills at Texas, supposed to be about thirty days prior to

the date of the issue of this paper, and the witness was asked whether those were about the prices of Texas stuff. (Continuing his testimony he stated):

The prices were higher than we were able to obtain at that time. They may have represented the list prices. I think the freight discount at that time was from $2.00 to $4.00 a thousand. I presume those were taken from list prices. I think at that time it would be about $2.00 to $4.00 a thousand off from those. We could cut 4 by 4's thirty-two feet long. We can cut thirty-two feet easy. That discount of $3.00 to $4.00 a thousand would not apply on all those items. That No. 1 flooring means hard face edge grain flooring, vertical grain, hard face, and it would be more than $34.00. (?) On common boards, probably $1.50, $2.00 perhaps. So in September the discount would run from $1.50 to $5.00 or $6.00 a thousand off that list. The market was not quite as weak in August as it was in September.

I said that the advance in rates in Southern territory on yellow pine in April, 1903, from one to five cents a hundred pounds had not been taken off to the Western territory. By that I mean Kansas and Nebraska. From all the mills that were involved in the Tift case and the Central Pine Association case, the advance made in April, 1903, has been taken off as to all of that territory known as Central Association territory, lying between the Mississippi river on the west and a line drawn through Buffalo or Pittsburg on the east, and north of the Ohio river on the south. Has not been taken off west of the Mississippi.

The minimum in the south is 34,000 pounds now. It was changed from 30,000 to 34,000. I am not familiar with it from the west. I think on shingles it is 24,000 pounds. I am not familiar with the minimum on lumber from the west. If it is less than 50,000, that overcomes the difference in the weight between the fir and the yellow pine, but as I say, I don't know what the minimum is, I didn't know it was 50,000 pounds on lumber.

It is not my idea of equalizing these differences to raise rates irrespective of conditions or irrespective of the results produced upon the consumer, so long as we can sell our lumber on an even basis. We certainly did object to the raise that was made on our folks down south. We did not appear in the Mississippi case. It was the Georgia case. I did not say that now that that was not changed, that I think these railroads ought to be permitted, regardless of any conditions,

to raise this other rate. Some of our changes did amount to 25 per cent. of the rate. That did amount to something.

The rate to Des Moines was raised from 22 to 27½ cents. That is 5½ cents, nearly 25 per cent. The rate to St. Paul was raised 8 cents, from 25 to 33, or 33-1/3 per cent.

Mr. Teal: Let us take it in Kansas and Nebraska.

Mr. Millard: The percentage there was not so great.

Mr. Teal: It averaged along there, 1, 2 and 3 cents, did it not?

Mr. Millard: Some as high as 5 cents.

Mr. Teal: So that because you had a raise you thought it proper for us to have a raise?

Mr. Millard: I said the conditions ought to be equalized.

Mr. Teal: By a raise?

Mr. Millard: Yes, or a reduction on yellow pine.

H. E. CLARK (Page 1496), a witness for the defendants, testified:

I reside in Minneapolis; am a lumberman. I am associated with several companies which are subsidiary companies of the Shevlin-Carpenter Company. I have been in the lumber business since 1886, in the State of Minnesota all the time. Up to four years ago I had general charge of the Shevlin-Carpenter Company. Since then I have taken life pretty easy, but I have kept track of the various operations of the different companies. The Shevlin-Carpenter mill shuts down this season for the last time—the Shevlin-Carpenter Company, in which Mr. Shevlin and I are interested with two other gentlemen, owns mills at Crookston and Bemidji, and we just shut the mill down at St. Hilaire. Crookston is twenty-five miles from the border line of North Dakota. It is 283 miles from Minneapolis. Bemidji is 90 miles further east. The St. Hilaire mill commenced to be operated in 1897. The Crookston mill was started in 1898, and the Bemidji mill in 1903. Those mills saw white pine and Norway. The first few years that we operated, the bulk of the lumber went to North Dakota and Minnesota. I made up a statement of the percentage of the lumber that went into the State of North Dakota. In 1900 we put in 64 per cent. of our output of 42 millions, which was 27 millions, that is, of these three mills. In 1900 we only operated two mills.

In 1901 we put in 74 per cent., or 51,000,000.

In 1902 we put in 69 per cent, or 55,000,000.

In 1903, 42 per cent., or 34,000,000.
In 1904 we put in 44 per cent., or 32,000,000.
In 1905, 38 per cent., or 44,000,000.
In 1906, 34 per cent., or 36,000,000.
In 1907, up to the time that these figures were given me, 28 per cent, or 25 million.

The amount put into North Dakota has steadily decreased. We are situated, as I said, within 25 miles of the North Dakota boundary, and the State of North Dakota has been growing very rapidly, and consuming a large amount of lumber; but our percentage into that territory has steadily decreased instead of increasing. The freight rates from our mills into North Dakota are high enough. When we started in business we could do business as far as Williston, North Dakota, where the rate was 24½ cents. We did a limited amount of business. The distance is 350 miles. As the price of white pine lumber raised, the western lumber worked further east, until this last year we have done very little business west of Devil's Lake, which is 114 miles. Devil's lake is on the Great Northern Road, 114 miles from Williston. The rate to Devil's Lake is 12½ cents. That is as far as we have shipped in any quantity. We have gone a little bit farther. We are rather fortunately located for the North Dakota business. A man can send in an order to us, or even from farther west, and can get his shipment very quickly, as at our mills we are located on the Great Northern Road, and the empty cars coming from Duluth, that have gone to Duluth with grain, or coming from Minneapolis, that have gone to Minneapolis with grain, pass through either Crookston or Bemidji. We can take those cars out and load them in 24 hours and send them on their way west. We have an advantage by reason of that fact. We can make quicker shipments. We built this mill at Crookston because we expected to supply the Dakotas and Minnesota. I cannot say we have been disappointed. We have placed all our product, and yet it does not seem to me that we have placed enough here in North Dakota for the location. I went over the Great Northern Road in 1904 with the grain men, and I discovered after we got beyond Devil's Lake, that there was an increasing amount of western product in the sheds of the lumbermen, and when I came back I made a good deal of a row about it, and made up some figures, and tried to get a reduction in rate from the railroad, in which I was unsuccessful; but the business in 1905 picked up so,

and continued so good that up to the present time I can't say that we have suffered greatly for the lack of the North Dakota business. The business has been placed outside of North Dakota in Minnesota, Iowa, Southern Wisconsin and Illinois. Some special things have gone further east than that, but a very limited amount. The lumber mostly consumed in North Dakota is the ordinary building materials, the ordinary sizes, and 2 by 4-16 being the standard. Then they use a great many 2 by 3 boards. They want even commoner than common lumber. They want a good cheap lumber, described here as Pacific Coast common lumber. Referring to Mr. Millard's testimony as to the six grades of common lumber, we don't make but five grades of boards. We make the 1, 2, 3, 4 and 5 boards. I don't know where the 6th grade comes in. The competition of Pacific Coast fir in our territory, Minnesota, Iowa and Illinois, consists of a good deal of stuff which we cannot furnish, which is long joists and heavy timbers. In parts of Iowa we are able to compete with Pacific Coast fir. I and my associates have even larger interests on the Pacific Coast than we have in Minnesota. We have no mills there. I have made a computation as to the comparison of the rate that we pay and the old 40-cent rate into North Dakota. To Rugby, which is 171 miles from Crookston, we pay 15½ cents. It is 1362 miles from the coast, and they pay 40 cents, or did. Now, taking it on a mileage basis, we should have a rate of 5 cents. In other words, we are charged 310 per cent. on a basis of equal rates per mile. On the new rate of 50 cents, our rate would be 6.3 cents, or, on that basis of the new rate, there is a percentage overcharge of equal rate per mile of 246 per cent. I am just picking out these points as I go along. The next point is Church's ferry, where our rate is 13½ cents. The mileage from Crookston is 133, and from the coast 1400. Our proportionate rate should be 3.9 cents, as against the 40-cent rate, and the percentage of overcharge there is 346 per cent., and based on the new rate of 60 cents, our percentage of proportional rate would be 4.7 cents, and is an overcharge of 287 per cent.

I was served with a subpoena on Friday, and I started to work on that statement on Saturday. I had the materials for that before this time. Four years ago I took it up and made a similar comparison for the purpose of trying to get a reduction in rates.

In 1906 the output from our three mills was 138 million; in 1907 it will be about 88,000,000. I don't mean the output of the mills, I haven't got the output of the mills. That is the amount of lumber sold. Our sales for the year 1907 to date are about 88,000,000. My judgment of the reason for that falling off is general business conditions. I was away until the first of June. I got back about the first of June, and after getting a little into the business, I saw that our business was not keeping up. I thought it was a pretty good plan to increase our force of salesmen, which we did, and we kept increasing them until, as I say, we have sold 88,000,000; but it was only by extreme hard work that we have done it. We have received very few orders within the last thirty days. During this coming winter we are going to cut down the output of our mills two-thirds. We will cut down our logging operations two-thirds.

Cross-Examination.

Our company, as a company, does not own anything on the Pacific Coast. I was going to say to you that Mr. Hickson, one of my partners, is largely interested in the Cloud River Lumber Company. Mr. Shevlin has bought a large tract of timber in Oregon, in the DeShutes Valley. Mr. Shevlin and I together own a large tract of timber on Vancouver Island, and another large tract of timber near Vancouver, on the main land, and one of our concerns has a large holding in Montana. My interest, and Mr. Shevlin's, consists in large timber land holdings out there. Our place is located at Crookston, Minnesota. We are manufacturing our own timber. On the one hand, in Minnesota we are manufacturing and selling and on the other, in the West we are holding; in the East we are converting our timber into money. The price of our lumber has very steadily advanced in the last few years. I cannot give the cost of our operations in 1906. I haven't any cost figures with me at all. I do not remember that. I am secretary at the mill. These cost figures pass under my observation. We have a monthly report, but I can't carry it in my mind. I could not give the Commission any idea of the cost of our output in round numbers as an average, and be anywhere near correct. I could not give the difference in 1906 between our cost and our average selling price. I can say that our profits, the last two or three years have been

very satisfactory. I haven't had anything to do with the timber buying in Minnesota for ten years. We never charge for our stumpage in arriving at our cost in our mill. The lumber we manufacture is white and Norway pine. There has been a very rapid advance in white pine prices. By reason of that rapid advance in prices, wherever the substitute is cheaper, it usually does take the place. The Dakota country is a treeless country. If the fir timber of the Pacific Coast was not in there on the present prices at which we sell all those farmers out through North Dakota, they would be paying considerable more for lumber today. The part that is troubling me is not the price at which it is sold to the farmers and the consumers, but it is as to whether or not the rate does let lumber in there that they can buy cheaper than ours. I do not pretend to say that a rate per ton per mile, one hundred miles from Chicago on lumber, or anything else, ought to be the same as the rate on a long haul, but I think there is too great a discrepancy between the rates as they exist now. In speaking of this 200 and 300 per cent., I don't know whether a very large percentage does not exist on all long hauls over short hauls. I never made up a table before in my life. I don't know whether every railroad distance tariff within a state, on local distances, is higher than its distributive tariff in the same state. I should think that every distributive tariff between the states is higher than the through tariff, but I don't know. I made up these percentages to put it strikingly before the traffic men when I wanted to get those rates reduced. I did not get a reduction in rates.

I don't know what number five boards are worth at our mill now. I should say they were worth about $9, but that is just a guess. I haven't got my price-list with me. I don't know what No. 4 boards are worth. I would have to get the price-list before I could answer that. I could not state to the Commission what our profit was last year at our mill; I could not even approximate it. I am secretary of the company. I should be familiar with whatever went on in the books, but I must confess I am not; and I don't see why I should be asked that question anyway, as I am not a party to this suit at all. I have got as large an interest on one side as I have on the other. I cannot give it to you. I cannot state what the price of our stumpage is. I do not know what value it has, nor the price of stumpage there generally.

I have manufactured there a long time; have manufactured 138,000,000 feet. I do not know the price nor the price of stumpage. That is not in my line at all. My line has been that I have looked after the operating of the mills. For taking the log out of the mill and putting in onto the car, I should say about $4.25 per thousand feet. That includes everything. I do not know what we have been paying for logs. I don't have anything to do with log buying. I do not know what the cost of logging is, and have no idea. I could tell about the Shevlin-Carpenter Company, because I just closed up a deal on that. I sold some logs at $17.50, and the cost of logging was $6.25, and I figured about 25 cents to look after it, so that cost $11 stumpage. That is about all we have been giving.

The company has owned a lot of stumpage. It is capitalized at $300,000. We haven't declared any dividends within the last few years. We have accumulated all our profits; have kept all our profits and used them in the business. We have conducted our business at a profit, even though the percentage of lumber which we have sold in North Dakota has been less. Everybody has found a ready market for everything for the last four years. If the rates upon these western roads are increased ten cents a hundred into North Dakota points, it will not remove all competition, because we would have competition from Kalispell, and the districts in there. It will remove fir as a competitor. I did not say that if these advanced rates go into effect, this Pacific Coast lumber cannot compete with us in North Dakota. I did not understand the question. We would have competition. Our competition would be moved a little farther west than it is now. It would be hard for me to say how far west and upon what grades. I could not say. We do not get a trade all the way across Dakota now. We do not sell very much west of Devil's Lake, very, very little. That is practically the farthest west we can go, as against this Pacific Coast lumber. I do not know how much we have been making a thousand on common lumber. The advance into Dakota was ten cents. If this advance was maintained, I don't know how much farther west I could go. I could go somewhat further. If I could get $2.80 more a thousand than I am getting for our lumber today, I could probably get west to Minot. That would be 232 miles. How far west I could go would depend upon how small profits I would be willing to take. It would

depend also to some extent upon whether part of the freight rate was absorbed by the purchaser or the consumer. We have no warehouses in North Dakota. We have a few lumber yards, and we use cedar. We don't make any pine shingles, and have not for years. I don't know what fir they sell east of Devil's Lake. Fir comes into Crookston, where our mill is.

D. M. CLOUGH (P-1526), previously sworn, recalled for further cross examination, testified as follows:

My investment in the Clough-Hartley Company, in the shingle business, is about $65,000. We installed sixteen upright shingle machines. Our average cut of those sixteen machines was 600,000 a day. We ran for two months. It is not true that one-fourth of the total production has not yet been marketed. We cut about 30,000,000 and we have about 6,000,000 on hand. We cut a little over two months—we cut a little over 30,000,000. I said the actual cost of the lumber was about $14 a thousand, the logs averaged, which would be $1.40, plus 70 cents, which would be $2.10.

Re-direct Examination.

It does not cost any more to log flooring logs than it does No. 2 or merchantable.

Re-cross Examination.

The flooring logs are the best we have, the largest logs and the best logs. The truth of the matter is, you can log them cheaper than you can any of the rest, because you get them faster, you get a thousand feet faster than you do in the cheaper, smaller, poorer logs. Any logger on earth knows that. It costs you more to log poor logs than the better ones.

WILLIAM J. MILLER (P. 1529), a witness for the defendants, testified:

I live in Omaha, and am in the lumber business. Have been in the lumber business in Nebraska about 23 years. My plant at Omaha is a wholesale and retail plant. The name of my firm is the Updyke Lumber & Coal Company. We have

country yards in Nebraska in addition to Omaha. They are in the eastern part of the state, one at Arlington, at Henderson and at Wahoo. Our Omaha yard is our chief place of business. We handle practically all grades of lumber there, that is, from the south and from the north and from the west. We handle fir from the Pacific Coast, and red cedar shingles. In fir, about all we handle is what we call timbers, bridge planking and finish lumber and drop siding. We never compare that kind of Pacific Coast lumber against the yellow pine. It takes the place of white pine. It works in our market as a substitute for white pine. When I say we never compare it with yellow pine, I mean by that, the way orders come in from the yards, and as a rule a man will say: "I want either white pine or fir." They want this mostly for outside work, or for sills which are down next to the ground, and they want fir sills, because they will not rot as readily as the yellow pine, and they want outside finish and the sidings because it will take the paint better. There seems to be in our trade in the eastern half of that state, a decided preference for Pacific Coast wood for certain purposes as against the yellow pine. That is where it is outside or down near the ground.

It is my understanding that the raise in the freight rate for our district is five cents. In my judgment the increase in that rate will not affect the sale of the kind of Pacific Coast lumber we have been using there. The five cent raise in rates would only be about $1.25 or $1.50 at the outside, and white pine is much higher, and in fact, in timbers it is impossible to get white pine timbers, and they will pay the difference. I base my statement on my actual experience in the past as to the preference for the Pacific Coast lumber. We ship lumber from our mill yards to our yards out in the state. It is true of Pacific Coast stuff in limited quantities. We are shipping mixed cars all the time; stuff that has already come from the Pacific Coast to Omaha, and then we ship it back west again out on a local rate. That varies. The rate out of Omaha is four cents, the first carload rate out of Omaha is four cents and it runs up from that. We seldom ship any fir on a higher rate out of Omaha than fifteen cents. We are carrying on that method of business right along, but that is only in limited quantities, where a man wants a mixed order, fir, yellow pine, white pine and sash and doors. The increase in this rate on shingles amounts to eight cents in our territory. We sell the western shingle, entirely. I don't think this raise in the shingle rate would make a particle of difference. They do

not use anything else, and would not use anything else. The yellow pine prices showed a weakness along about June or July, perhaps a trifle in May.

Cross-Examination.

The Updyke Lumber & Coal Company, our concern, does not have grain elevators on the Union Pacific road. It does on the Northwestern and Burlington. I could not say whether our company was interested in any way in that proceeding in Omaha about the question of elevator rates over those roads. I haven't anything to do with the grain concern. They have got about 110 grain elevators. I am a cousin of Mr. Miller of the O. R. & N. Company. I believe he is the general freight agent of the O. R. & N.

In connection with this proposed advance on lumber there into the Nebraska territory, I say that that charge can be passed on to the consumer. When I say that by this action of the raise of a freight rate an advance of $1.50 or $1.65, or whatever it may be per thousand on lumber would be the result, I do not know why the same action could not have been taken in the advance of the price before, so that the lumber men would have got it, and not the railroads. We were getting enough for our product. There is no reason why they could not have gotten more. It is usually the case that they were getting all they wanted. I have to sell my stuff according to what the others sell it. I don't know what the others felt. We get our 2 by 4's, 2 by 6's and that kind of lumber entirely from the south. There is not a very large percentage of western lumber sold yet in Nebraska. I think that the only effect of this advance in the lumber rates will be to transfer five cents a hundred from the consumer to the railroads.

Re-direct Examination.

My testimony has reference to the eastern part of the state, at Omaha, and our yards in that district. As to grades, or cost of lumber, I speak of, the coast has the entire preference; in other kinds southern lumber seems to have the preference.

D. C. BRADFORD (P. 1540), a witness for the defendants, testified:

I am located at Omaha; my firm is the Bradford-Kennedy Company, in the lumber business; have been in the lumber business about twenty years. Our chief plant and office is at Omaha. We have yards there. We are jobbers and retailers both. We have yards at a number of points, at Imperial, Gering and Bridgeport. That is the western yard. We are not altogether in the western part of the state; we have them all over the state; we have them clear out in the western part of the state. We are putting in two yards in Colorado now. We have not any in there. We handle all kinds of lumber from the three different districts that we have been speaking about in this case. We are using the coast lumber almost exclusively in western Nebraska and Colorado; all kinds of coast lumber. We use it clear to Omaha, but not so much as we do in the western part. We use practically no common except in odd sizes in Omaha, or the vicinity of 150 or 200 miles west of Omaha; we use uppers, finish and long joists, long timbers in this district. West of there we use common yard stock in everything. There is quite a prejudice against yellow pine for the same purpose; fir is much preferable, in timbers particularly. As a rule consumers pay a higher price for fir on account of that preference. That is true of all outside lumber, siding and finish. We have found lately a good many of the state buildings, school houses and court houses, have been specifying fir, even for their common lumber. I mean in Nebraska.

The effect of this raise of five cents on our sales of western stuff in the district in which we operate will depend altogether on what they do on the price. On a normal price, it would probably be restricted a little in a certain district. Around Omaha, I do not think it would restrict it any. In our western yards except the extreme western ones, I think the sale might be restricted a little. This preference for the fir, on account of its quality, will in all districts, to some extent, absorb that difference itself. Fir seems to take the paint better, and it seems to work better—the contractors prefer it. We handle all this lumber out of our Omaha yards and our western yards. We ship a great deal of it back. We load for mixed cars and ship it back from Omaha. We get as high as 20 and 25 cents out of Omaha. That makes it

pretty expensive. It would break near a fifteen cent rate, fifteen to eighteen. We have no trouble in doing business on a fifteen cent rate. We do quite an amount of business on that.

I noticed that the lumber market conditions were getting pretty soft late in the spring, the prices along about May, I should imagine. The shingle supply in our count is practically all red cedar. I don't see how this raise will have any effect on the amount of cedar shingles consumed in Nebraska. They fluctuate in the neighborhood of a dollar a thousand, and that does not make any difference.

Cross-Examination.

We have eleven lumber yards in Nebraska outside of our main yard. Including the main yard we handle something over a hundred million a year in those yards. The Omaha yard is on practically all Nebraska roads. Our other yards are on the Union Pacific and the Burlington. We handle all kinds of lumber. Southern pine, yellow and white, and fir from the cost; some cottonwood, but not much; also pine from eastern Washington and southeastern Oregon. To answer definitely, we get a great deal of our fir or our pine in eastern Washington. I should have to estimate that probably ten or fifteen per cent. of our total output comes from the Pacific coast west of the Cascade Mountains. I have never separated it.

I take the American Lumberman and read it very seldom. I did not have to my knowledge any idea, or hear anything of this proposed advance in rates from the coast, in May. I don't remember. This advance could not possibly have any effect on the yellow pine that I could see; that is, if the fir was reduced in price it would not affect the yellow pine prices at all. If the rate was reduced one-half the price to Nebraska, it would not affect yellow pine sales at all; not very much, then. We could not get enough at that time. Under the present rate, the fact that there was a reduction from the coast to Nebraska would today affect yellow pine.

In speaking about shipping to Omaha and then shipping back to our yards west of Omaha, that is because possibly they do not want a full carload, and it is pretty hard to get a car loaded as you want it, and it is almost impossible to get the shipments over the road after you make them, or get the cars to load them. That I suppose is the reason why

they do not ship directly from the coast. It is not due entirely to a car shortage, but largely. The items that we do reship from Omaha, we sell at a profit; ship them to Omaha and then back to the yards in the western part of the state and still sell them at a profit. It would be a matter of opinion who would have to absorb the increase in the rate, the consumer or the mill man. My best judgment is that the mill man will absorb it, as a rule. The consumer may stand a share. Western Nebraska took a forty cent rate on November 1st, the part from Alliance to Denver on the Burlington. The common fir goes more largely into the forty cent district than it does into the fifty cent district. Common fir does move into the fifty cent district, quite a quantity. As I said, we handled a good deal of it in the fifty cent district under the old rate, special sized particularly; quite a considerable amount of it, but not nearly so much as under the forty cent rate. We do not substitute fir for western hemlock in beveled sidings. The dear mill men substitute it for spruce. They ship it for spruce, I understand. I do not think an advance of rates, of five cents into Nebraska will affect the market on the fir that goes into that district now. That is not because it is principally of special sizes. I guess the lumber men could have charged five cents a hundred more for their lumber than they have been charging. They raised us $10 without a whimper, and I guess they could raise it $1.40 more if they wanted to.

Along in the early summer or late spring of this year the market was soft, and prices were soft. I hardly think they could raise prices successfully on a falling market. I did not say that not nearly as much lumber would go in under the fifty cent rate as under the forty cent rate. I said a good deal more lumber under the old rates went into the forty cent territory, a larger per cent., than into the fifty cent territory. If the rate into that forty cent territory is increased 25 per cent., or, we will say, $2.80, I do not think that would have a decided effect in restricting the shipments into that territory, unless it would be possibly south of Denver, in Kansas, and possibly southern Colorado. North of there I do not see how it could, for the yellow pine rate is so high that the difference is a good deal more than $2.80 now. 48 cents is the yellow pine rate to Bridgeport and Scotts Bluff, I think; where our yards are on the 40 cent zone. The Minneapolis rate on white pine is 43 cents. We get white pine lumber from Duluth, Ashland and Marinette. Those rates are from one and a half to five cents, or even seven

cents higher than the Minneapolis rate, is my recollection. The country in there buys some Montana pine, yes. The rate from the south there is 48 cents from most any part west of the Mississippi, Louisiana, Texas and Arkansas to our yards at Scotts Bluff and Bridgeport. Our yards at those places are east of Denver; yes, many miles northeast. The rate to Denver from that same territory has been at times 34 cents. I understand it is raised today to 37 cents. I do not know that it has been raised. The Denver rate has bothered a good deal. It is raised off and on right along. I guess you could get into Denver most of the time if you went at it right at 34 cents. By that I mean taking a specific point and shipping over a specific route from the south. By that I mean you understand the rates as a rule apply over the entire southern zone to Denver. They do not always do that. You can get it out of the tariffs. As far as I am concerned, it is simply a matter of understanding the tariffs. Our rate into Omaha is 23 cents; a number of hundred miles west of that is 34 cents, and we pay 48 cents for some of our yards. Bridgeport, I should imagine, is about 350 miles from Omaha, and about 200 miles from Denver to Bridgeport. The Burlington road connects with Denver. It is on the main line from Denver to the Pacific Coast.

Re-direct Examination.

I have bought timber out in the northwest all this year in Oregon, Washington and Idaho. I have paid from about forty cents a thousand up to as high at $2. The stuff I bought in Oregon cost me a little less than 50 cents a thousand; in Washington it cost me in the neighborhood of a dollar, and in Idaho it cost me a little more. We mill lumber out in Idaho. We have bought lumber from both the Inman-Poulsen mill and the Eastern & Western Mill, both at Portland. The products of both those mills are about alike as far as we know. This timber that we bought was in Eastern Oregon and Western Washington. I do not know the country. It is in the vicinity of Spokane. Spokane is in Eastern Washington. What I meant to say was Western Oregon and Eastern Washington; in Jackson County, Oregon, in the southeastern part, that was pine and fir. I paid a little less than 50 cents a thousand. Fir there is pretty good fir and pretty good pine. It is not quite inaccessible; it is very accessible, the tract there I think is about nine miles from the main line of

the Southern Pacific; and on the railroad that is being built to Crater Lake, that goes right through it. It is also on a navigable stream, on the Rogue River, and we can float it to tidewater if we want to. I do not know the county where the timber was located that I purchased in Eastern Washington; it is northeast of Spokane. I don't remember the county. That goes from two and a half to four and five million to the quarter section, depending on what woods you take. That is pine, fir and tamarack. There is fir there. It is about a mile and a half from the main line of the Northern Pacific.

I am engaged in milling in Idaho. We have got about twelve million feet of lumber there that we have got to ship east. There is an advance in rates from that territory.

CHARLES S. KEITH (p. 1565), a witness for the defendant, testified:

I am President of the Central Coal & Coke Company, located at Kansas City. We have been in the lumber business about fifteen years. My company conducts its milling operations in southeast Texas and southwest Louisiana. We are operating mills of a total capacity of 150 million feet. We operate in yellow pine, do not conduct any lumber yard. We dispose of our product in Texas, Oklahoma, Kansas, Nebraska, Iowa, Illinois, Indiana, and Ohio. We meet the Pacific Coast fir in Northern Kansas; that is, Kansas north of the Union Pacific, and in Nebraska, Iowa and Northern Missouri. I have not personally handled our sales for five years, but my information from our sales department is that we are practically doing no business in Iowa, on account of competition with Idaho and Pacific Coast material. My information is that our business in Nebraska is practically now confined to a line drawn from Omaha to Lincoln and south to the Kansas state line, and east of the Missouri River; that is the southeast corner of the State of Nebraska. My information is that where we reach rates over 28 cents, 28 to 30 cents, in the northern part of Kansas, north of the Union Pacific, that we are having a great deal of difficulty in disposing of our common material, on account of competition with coast material, that is, western material. That is our common stock. We practically have done no business in Colorado now for several years. The total sales in Colorado last year amounted to some sixteen

cars. I have a statement of the cars we have shipped into this general district from 1897 to 1907. During the years 1897 to 1898 we had only one mill in operation and our capacity of production at that time was forty million feet. During the year 1897 we put into Nebraska 57 cars; in 1898, 283 cars. Into Iowa we put 11 cars in 1897 and 42 in 1898. Into Kansas in 1897 we put 240 cars and in 1898, 469. In Colorado in 1897 we made no sales and in 1898 we shipped 10 cars. In 1899 we were operating two mills. Our production at that time was one hundred million, an increase of about one hundred and fifty per cent. We put into Kansas during that year 1899, 816 cars; into Nebraska 336, into Iowa 68, into Colorado 245.

In 1900, with two mills, we put into Kansas 766 cars; into Nebraska 277 cars; into Iowa 207 cars, into Colorado 119 cars.

In 1901 we shipped into Kansas 735 cars, into Nebraska 199 cars, into Iowa 318, into Colorado 119.

In 1902 we put into Kansas 759 cars, into Nebraska 79 cars, into Iowa 333 cars, into Colorado 27 cars.

In 1903 our capacity was increased to one hundred and sixty million, between one hundred and fifty million and one hundred and sixty million, and in that year we put into Kansas 795 cars, into Nebraska 120, into Iowa 210, into Colorado 37.

In 1904 we put into Kansas 1392 cars, into Nebraska 521 cars, into Iowa 101, and 77 in Colorado.

In 1905 we shipped 1428 cars into Kansas, 476 into Nebraska, 53 into Iowa, and 27 into Colorado.

In 1906 we shipped 1236 cars into Kansas, 660 into Nebraska, 68 into Iowa, and 52 into Colorado.

In 1907, ending June, we shipped 979 cars into Kansas, 108 into Nebraska, 128 into Iowa, and 16 into Colorado. Our fiscal year ends in June.

We put more lumber into Colorado during 1895 than any other time, 245 cars that year. The year ending last June, 16 cars. The highest year we had in Iowa was 1902, 333 cars, against 128 last year.

Keith exhibit No. 1 offered in evidence (p. 1571).

KEITH EXHIBIT No. 1

STATEMENT OF CARS OF LUMBER SHIPPED TO KANSAS, NEBRASKA, IOWA AND COLORADO FROM JUNE 1ST, 1896, TO NOVEMBER 30TH, 1907. FISCAL YEARS JUNE 1ST, TO MAY 31ST.

STATES	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	June 1st, 1907 to Nov. 30th, 1907
Kansas	240	469	816	766	735	759	795	1392	1428	1236	979	670
Nebraska	57	283	336	277	199	79	120	521	476	660	108	45
Iowa	11	42	68	207	318	333	210	101	53	68	128	39
Colorado	0	10	245	119	119	27	37	77	27	52	16	43

Number of Mill In Operation From June 1st, 1897 to Date	Capacity of Mills
Fiscal Year 1897 to 1898, One Mill.	One Mill, 40,000,000 Per Annum.
Fiscal Year 1898 to 1903, Two Mills.	Two Mills, 100,000,000 to 120,000,000 Per Annum.
Fiscal Year 1898 to Date, Three Mills.	Three Mills, 160,000,000 Per Annum.

I have a statement showing the comparative weights of yellow pine and Pacific lumber. This comprises all the different sizes of lumber that we produce, and the Pacific Coast figures which I have are taken from one of their price-lists.

Keith exhibit No. 2 offered in evidence (p. 1572).

Our percentages of grades of lumber manufactured varies in the various mills according to the quality of the timber. Our star and better will average from 11 to 14 per cent., and the balance of our production is No. 1 common or lower. It runs along every year about that way.

The market conditions of yellow pine were good up until about May when we first began to see evidences of a weakening in the market. We were not short of orders ourselves at that time, and we were not making any particular efforts to get business, but we found in what efforts we did make that our competitors were asking a good deal less than they had been up to that time. We were not forced to go into the market to any extent until along in June, at which time we found the market falling off very materially, and the prices at that time, and in fact up until this time, have been materially less than last year.

There have been a great many cancellation orders. Our cancellations began in June. We had in June cancellations for 62 cars; in July cancellations for 122 cars; August, 106 cars; September 173 cars; October 442 cars; and November, 199 cars. Those cancellations came from pretty nearly everywhere over the entire country. They have not been confined to any one district.

We manufacture up to 40 feet or 45 feet. Our average lengths, though, I should judge, would not be over 20 feet. We have practically been out of it as far as competition with the western timber is concerned, for some time, on heavy stuff. I mean sawed timber, car sills and bridge timbers, such as stringers. The fact of the case is we have not shipped any of that class of material to speak of north of the Missouri River for nearly a year. Most of our trade is to the southwest, Texas, and then our export trade. We do very little business on that material in St. Louis, on account of our rates there being out of line as compared with the rates from Mississippi points. They have a two-cent lower rate than we do into St. Louis. We cut down to eight inches on the stump, eight inches from the ground, that is our rule, everything must be cut. We save everything that is four inches wide and four feet long, and up. At two of our mills it takes eight logs

to make a thousand feet and at one of our mills they will average sixteen to the thousand. The smaller the log, as a rule, the lower it will run in grade in the manufactured produce. That is because you get into the defects of the lumber, which are generally in the heart of the log, quicker in the small logs than you do in the large ones. In other words, in a large log we get a good deal of better stuff out of it. That is my general information, that western shingles are sold all over the territory that we operate in. We have nothing to compete with them at all.

Cross-Examination.

Our sales in 1907, up to June 1st, were very satisfactory as compared with 1906, with the exception of one plant where we reduced arbitrarily our production 26,000,000 feet during the year. During the time covered by our being in business there, commencing with the first year, we have constantly increased our output up to this time. We have sold substantially our production at advanced prices right along. The result of our business as a lumber proposition has been quite satisfactory up to this time. We are on the west side of the Mississippi River. We have logging railroads down there connected with our mills, and have tap line allowances. That is geenrally customary in that country. We have such allowances.

I was one of the complainants in the yellow pine rate cases when the rates were advanced two cents a hundred. Our concern is also a large dealer in coal on the line of the Burlington, and several other railroads. We are large sellers of coal to the railroads, but not very much lumber to the railroads. I don't suppose we sold last year over three per cent.; the year before probably a little increase over that. A gentleman named Perry was a partner of mine during that time. He is the same Mr. Perry who engineered the rump Interstate Commerce Convention in 1905. He was my partner and had my sympathy.

I cannot tell you offhand how our shipments for 1907 to all territory compared up to June 1st with 1906, but I think our shipments in 1907 to all territory as against 1906 are possibly off 20 or 22 or 25 million. That is due to car shortage. That is the reason we reduced our product, because we could not get cars to handle our shipments. We issue price-lists; did not issue any in September of this year. The last

one we issued was in August. It was a reduction compared to the previous list. I could not tell you how it compared with the month before that; I have not handled the sales personally for five years. I have been in Colorado the last sixty days, but I was not soliciting business. I am testifying from reports received in my office daily. I have not been here all the time. I did not know that there had been a number of price-lists produced. I do know that they have price-lists. We get up those same things. I wil file with the Commission our price-lists commencing January 1, 1906, and coming down to date.

The competition has been getting keener for some time through Colorado, Kansas and Nebraska, between the western wood and the eastern wood. That competition has been felt in the loss of business. Two or three years ago—I do not recall the exact dates—we had up the question of what we were going to do to meet that competition. It was then a very live question with us. About that time the car shortage commenced to show up very strong, not only from our territory, but the western territory as well, and the matter was dropped, and the competition has not been quite so bad since that time, because neither of us have been out pushing business on account of all of us having all the business that we had cars to handle. I say there is a tendency developing very largely for the use of the western wood. My opinion is and my information is from our sales departments, in the first place, there is quite a tendency to use it on account of its qualities, and its ability to take paint. It lasts longer where it is exposed to the weather, it is good for outside work. And also on account of the grades as compared with our woods, it is graded a little higher than ours. Of course, it helps the consumer to get better lumber, and at a lower price, and lumber that will last longer, but he ought to be able to pay for it. There is no reason why we should have a condition like that laid at our doors. That wood is several hundred miles closer to those consumers than this. I really think that this is a scrap between the two industries. I think the consumer is pretty well taken care of. He is used to those conditions. It is the fact that the consumer likes this lumber, because, so far as his use of it for outside stuff is concerned, it is better, and it lasts longer and is cheaper. I believe an advance of five cents a hundred pounds into Kansas and Nebraska would naturally tend toward widening out or carrying our product a little further west in those states. I do

not believe an advance of ten cents in Colorado would help us any. If there was not a corresponding advance from other woods, it would have the effect of restricting our trade. An advance of $2.80 a thousand in Iowa would practically drive us out. In Nebraska it would bring us right down to the Missouri River. We could not absorb an advance of $2.80 with our present cost of production. The percentage of grades we produce, if that condition applied, we would simply have to cut our timber not so close. The effect would be to practically drive us out of those markets where there had been a ten cent advance. In Western Nebraska we meet the Idaho and Pacific Coast products, that is, the fir and western white pine. I could not state what grades of lumber, for the reason that, as I have just stated, I have not handled those sales personally. We have practically gone out of the bridge business on account of competition; we do not care anything about the bridge business; we have plenty of business to take its place. There is quite a good deal of yard stock such as 2 by 4's, 2 by 6's, and so on, that comes into Nebraska from the coast, I think. It must be coming in from there because our territory is restricted to the southeastern corner of the state. It is this western stock; I do not know where in the west it comes from. I do not know anything about the manufacture of lumber on the Pacific Coast. I do not know whether it is manufactured on orders or manufactured at random.

Re-direct Examination.

Our mills are shut down now, they are all down tight. I should say in the yellow pine district, conservatively, that the production is off fifty per cent. for that reason, in the entire south. I have taken pains to inform myself. We would like to know more if we could, because what is done along that line will affect our future. Take it in Louisiana. Practically all the mills are shut down, anywhere from 100 to 40 per cent. of the time. They have stopped running that much. I do not believe any of them are running over 60 per cent. We shut one down on November 11th. On November 1st, we started to operate two-thirds time. Last Saturday we closed down the other two mills, until the 15th of January. Everything will be closed until the 15th of January, and as to whether we will resume then is a question. The advance in the Pacific Coast rates did not cause us to shut down our mills.

We have a railroad there. It is an incorporated road. We operate trains daily. We do not have any passenger trains in the timber district. We operate the railroad for our timber business, and that is about all we have. We do handle some passengers, but we haven't any regular passenger equipment. We run the road at a loss, we are not getting a sufficient division to get anywhere near paying our operating expenses. We have one place where we get two cents a hundred which is our maximum. That requires a locomotive and it only amounts to five or six cars a day, and the service costs us about thirty dollars a day. So you see what we get out of it. We usually close down two weeks during the Holidays. Then we do our repairing.

I do not know the John L. Roper Lumber Company. They are in North Carolina or Virginia, and I do not know anything about them except by hearsay. It may be true that they are running practically full time. There are a whole lot of concerns that are running, but the majority are not running. Except in a few isolated cases I know nothing about the mills east of the Mississippi. In Arkansas and Texas our operations are possibly 85 or 88 millions a year.

WILLIAM E. BARNES (Page 1593), a witness for the defendants, testified:

I am managing editor of the St. Louis Lumberman; I am a publisher. I have perhaps 25 or 30 correspondents in the south. I am in the south myself a good deal, and I have asked in detail from the manufacturers generally of yellow pine, cypress, hard wood, as to the conditions. In the case of yellow pine my reports were from about four hundred miles. I have correspondence with the railroad people at the large producing points. It is a part of my business to obtain accurate information about market conditions. I think the curtailment in the eastern territory, North Carolina and Virginia, began as early as last May. The falling off in business began in New York very early this year, in the Metropolitan districts. That was felt first in the territory tributary to that—North Carolina, Virginia and Georgia. This matter of curtailment was discussed in Norfolk in May, and I think there was quite a general curtailment in May and June in Georgia and North Carolina and Virginia. I think it swept over the south until in June we felt it in St. Louis and in Texas and Arkansas and Mississippi, and there was a general cessation of busi-

ness, I think in June and July, both in yellow pine and cypress. In some districts it is probably not more than fifty per cent., and in other cases it is as high as seventy-five or eighty per cent. A few of the mills are running still, largely, however, because they have logs on the skids, and are afraid if they keep them they will spoil. Yellow pine logs have to be used.

I know who the Roper Lumber Company are. They have one mill at Norfolk and one mill in the suburb of Norfolk—I have forgotten the name of the town; it begins with a C, and it is near Norfolk. I don't know that they have made any curtailment, and I don't know why they should make any. We understand that Mr. Rogers owns the Roper Lumber Company, and they are at work on material for the Tidewater Railroad, which is being built. It is the understanding that their operations are under a special contract for that railroad company.

Cross-Examination.

My paper is devoted to the yellow pine, cypress and hard wood interests, southern pine. We have correspondents on the coast, however, California. We represent the yellow pine interests. In Georgia and the long leaf district I should say that if it was virgin timber, had never been cut over, it would average somewhere from eight to ten thousand feet to the acre. I am in pretty close contact with the Georgia mill men, and have been for many years. There is not a great deal of virgin pine left in Georgia; there is considerable in Alabama. In Florida the average cut for the preceding year or two of virgin lumber lands has been very small. The pine is very small. I do not think that the average in there would be more than 3,500 feet, or 4,000 feet at the outside. I think the man with the meager supply would have to run to keep away from the sheriff. It is the larger mills that are able to hold their stumpage and can do without getting returns on their investment. The effect of an advance of $2.80 a thousand on the yellow pine market in what we may call the disputed territory would be only a matter of opinion with me. I am not a practical lumber man in the sense of being in the woods.

HOWARD ELLIOTT (Record page 1599):

I am the President of the Northern Pacific Railroad Company; I held that position since October 21, 1903.

One of the first questions that was presented to my attention after I became President of the Northern Pacific was the subject of the lumber rates from the Puget Sound country east. I attended a meeting in Tacoma, I think it was in November, 1903, at which a great many of these gentlemen were present, and as I recollect it, many of them urged a reduction in the then existing rates. Some of them, even at that time, however, said they did not want a reduction in the rate, but wanted increased facilities. I then began to make inquiries as to the rate and to inform myself somewhat about it, and it seemed to me then that the rate was very low, abnormally low, compared with the rates, with which I had been familiar in other parts of the country. For several years I had been thinking about this lumber rate and some of the conditions that led me to think that our company was justified in making an advance can be briefly stated, perhaps.

The past history of the rate I think has been more or less touched upon here. It was put in, as I understand it, 14 or 15 years ago, at a time, when cars on the Pacific Coast were not getting any return loads. It was obviously desirable to load those cars back if they could be so loaded. It was also obvious that it was a wise move for the railroad company to do what it could to help the development of the business along its line, and apparently the western lumber, at that time could not reach certain eastern markets without some lower rate was in existence. The judgment of those then in charge of railroad properties, made what is known as the 40 cent rate, and for two reasons; one, to stimulate and help develop a very important industry; and, incidentally to load the cars to the east. At that time, and up to 7 or 8 or even 5 years ago, the Northern Pacific Railroad was not taxed beyond its reasonable capacity as a freight carrier, so it was justified, perhaps, in taking on, what might be called extra business at rates far below the average and in using facilities for the benefit of the patrons of the road, that otherwise would not have been used but might have lain idle. In the last 2 or 3 years those conditions have very radically changed. The company has been taxed far beyond its capacity, so that the lumber business cannot in any sense be called extra business that the company would be justified in taking at an abnormally low figure.

I think it is pretty evident that the western lumber business can no longer be called an infant industry that needs the stimulus of an abnormally low rate to help it grow; in fact it seems to be an extremely large and healthy child.

Another question that has come up to a very marked degree in the last two or three years, more particularly in the last 18 months, is that the general costs of conducting the railroad business in the United States and in the northwest particularly, have shown very marked increases.

The northwest is a comparatively new country and has been growing very rapidly. The lumber business has grown rapidly, many other kinds of business have grown rapidly, and the simplicity with which the business on the Northern Pacific was done before five years ago, was much greater than it is now. The complications surrounding the operation of our property today are more nearly approaching the complications in the more thickly populated states further east; towns are growing, they need more facilities. More questions are coming up in these large populous cities. There is an increase in the distribution of merchandise and freight in these towns that are growing. So, while a few years ago operating expenses were, as such things go, low compared with the roads furthest east, in the last two years—particularly in the last year—those expenses have gone up very materially. And, in the nature of things, that is to be expected as those communities become more thickly settled, and the demands on the transportation companies for better facilities increase. So those costs have increased quite largely, very largely.

Another thing is that all over the country, and in our country, the whole subject of the adjustment of rates is receiving extremely close scrutiny. It is very desirable that it should. On investigation of the rates all over the country, many rates are being reduced either by the voluntary act of the railroad, in some cases by legislation, in others by just such proceedings, perhaps, as this. Where rates have been too high, it is of course, just and reasonable that they should be reduced. Where they are too low, it is equally just and reasonable that they should be advanced. Now, we claim, I claim, that for some time past this lumber rate has been an unreasonably low rate and unjust rate in order to cater to the business, and we have tried to do it to the best of our ability; but we have had to fail, to a large extent, in taking care of the growing business in other parts of the country, and other commodities.

Now, this great increase in business, and particularly in the

lumber business—has forced the railroad company, in an honest effort to look after it, to make very large investments in its property. Our company, I think, has spent in the last five years for equipment and additions to its tracks, and improvements of that sort approximately $75,000,000 in order to increase our ability to produce the required amount of transportation demanded by the country, through which the road runs. That sum of money has been spent all along the line, but a very large part of it has been spent West of Billings, Montana, and a very large part of it, was induced, or the decision to make a very large part of that expenditure was induced by the thought of trying to provide additional facilities to help handle the products of the country, of which lumber is one of the most important.

Some return must be obtained upon that investment, some consideration must be given to those very large investments. So that in a general way, it seems to me, and has seemed to me, that we were justified and are justified in advancing these rates, first, because the commercial conditions under which the rate was originally made have entirely changed; second, because it is no longer what we call extra business to be taken at something far below the ordinary rates; third, we have been obliged to spend this very large sum of money to try to keep pace with the business of the country following the lumber; four, there is a general readjustment of rates going on all over the country, and where they are too low they should be advanced, just as they are being reduced where they are too high. I believe in a general way that would cover some of the reasons that have led me to think that the company I represent should make some advances. My personal opinion—and it is always hard to bring actual proof of such a thing, but my personal opinion is—that in the last eighteen to twenty-four months we have not got a new dollar for an old one from the lumber business on the Pacific Coast. We have tried to do the best with it we could, and some of these gentlemen know that they have made us feel very uncomfortable because we were unable to furnish them with the facilities that they naturally desired for the proper expansion of their business.

I was educated as a civil engineer. I have had our engineers make some comparisons between the profiles of our railroad, the Great Northern Railroad and the Illinois Central Railroad, and this profile.

(Witness produced a blue print showing the profile referred to.)

N. P. Ry. GRADE LINE Shown thus —

G. N. Ry. " " " "

I. C. R. R. " " " "

← Gray's Harbor City

← Aberdeen Jct.

← Centralia

1.0 W.B.

1.0 E.B.

1.0 W.B.

1.0 E.B.

← Tacoma - Seattle on G. N. Ry.

1.0

1.0 E.B.

Stampede 9900

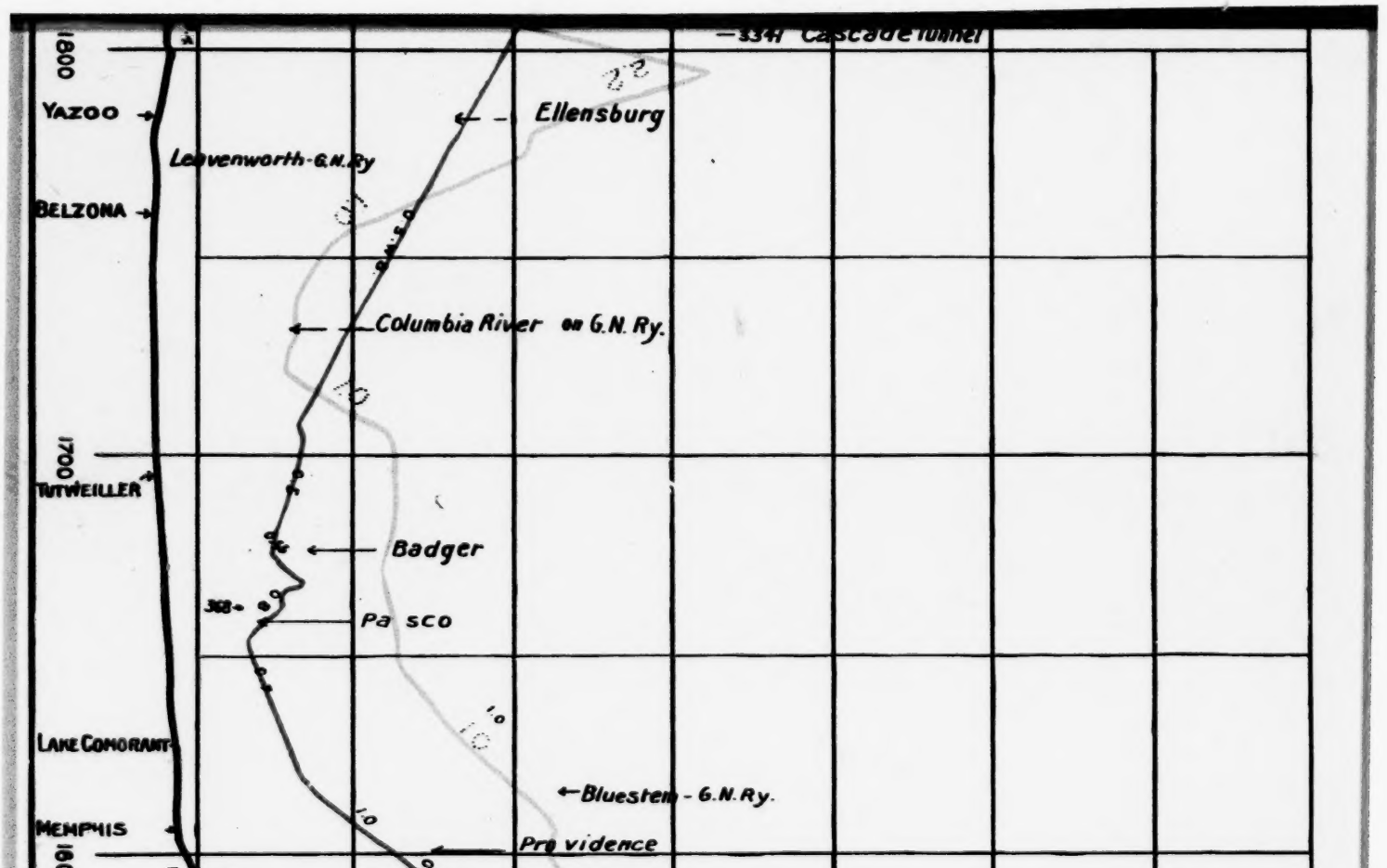
← Palmer Jct.

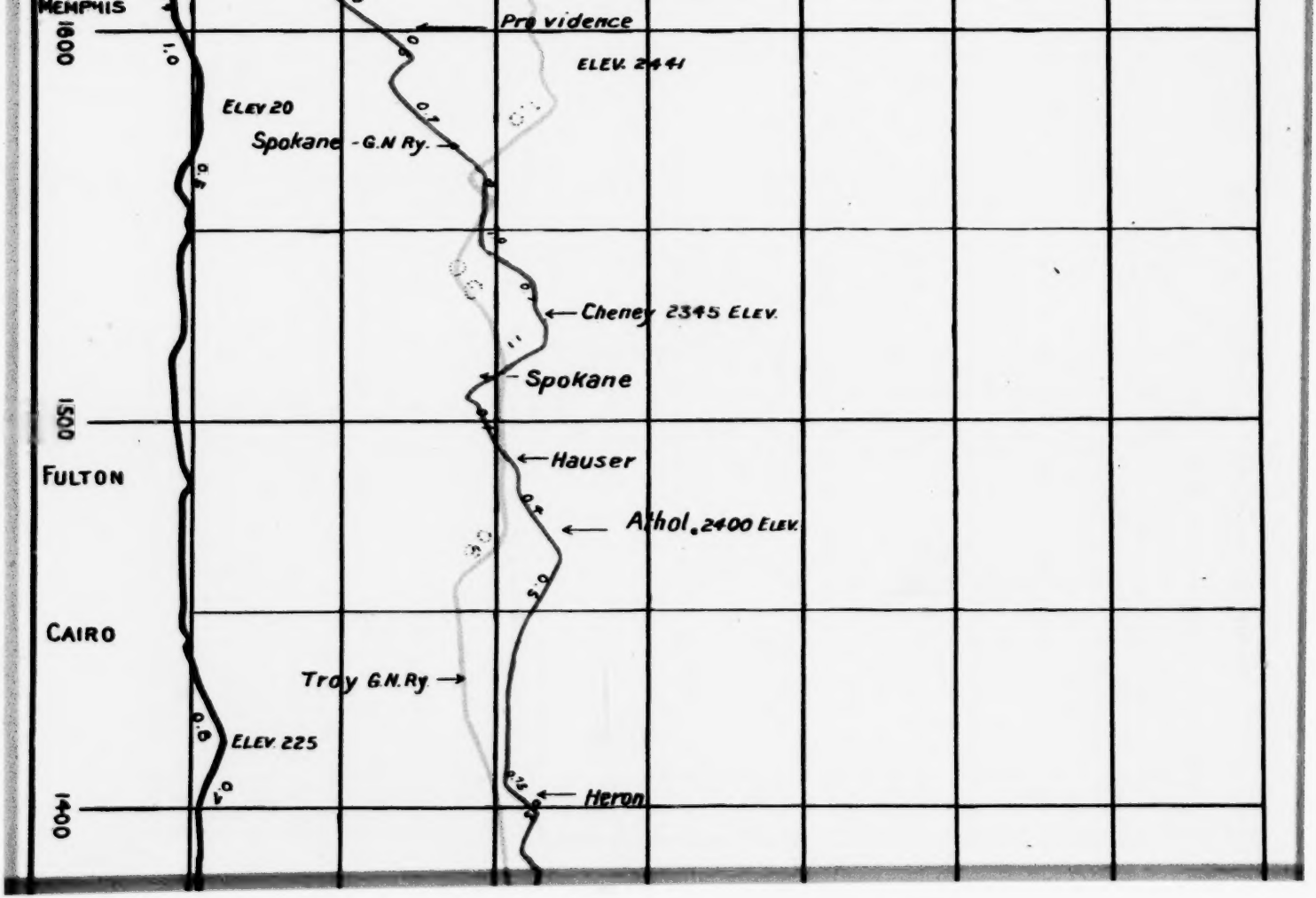
0.6

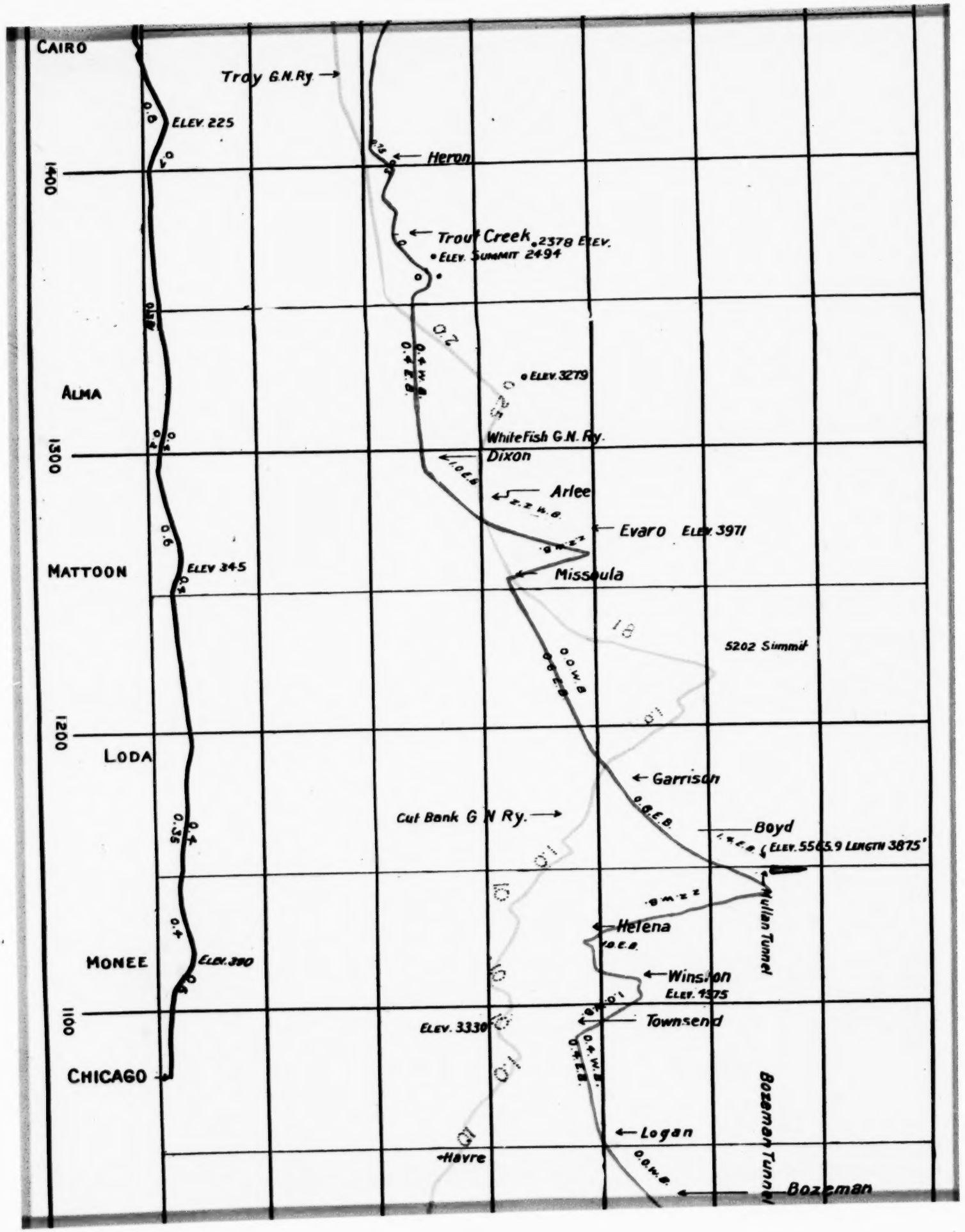
McCOMB →

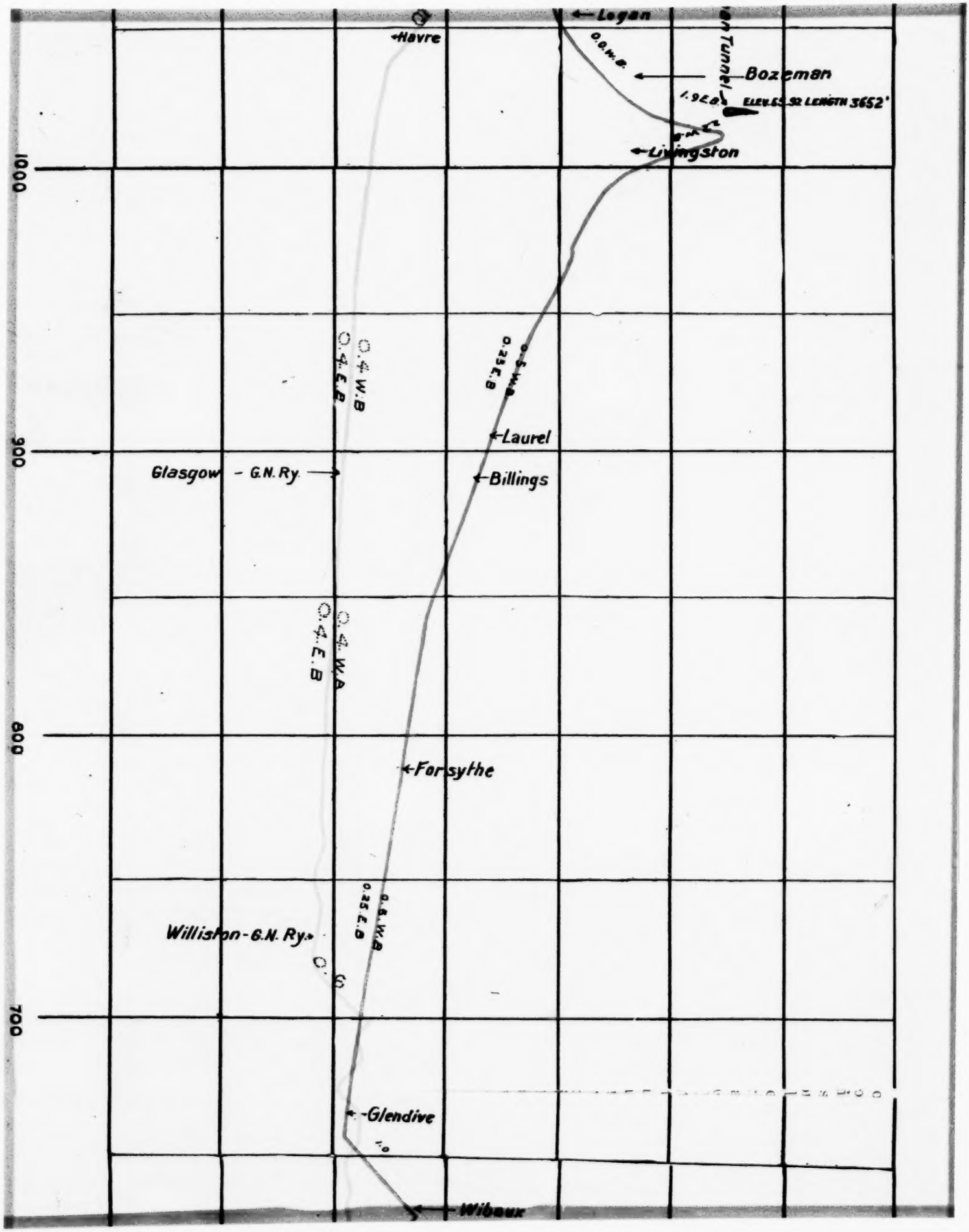
2000

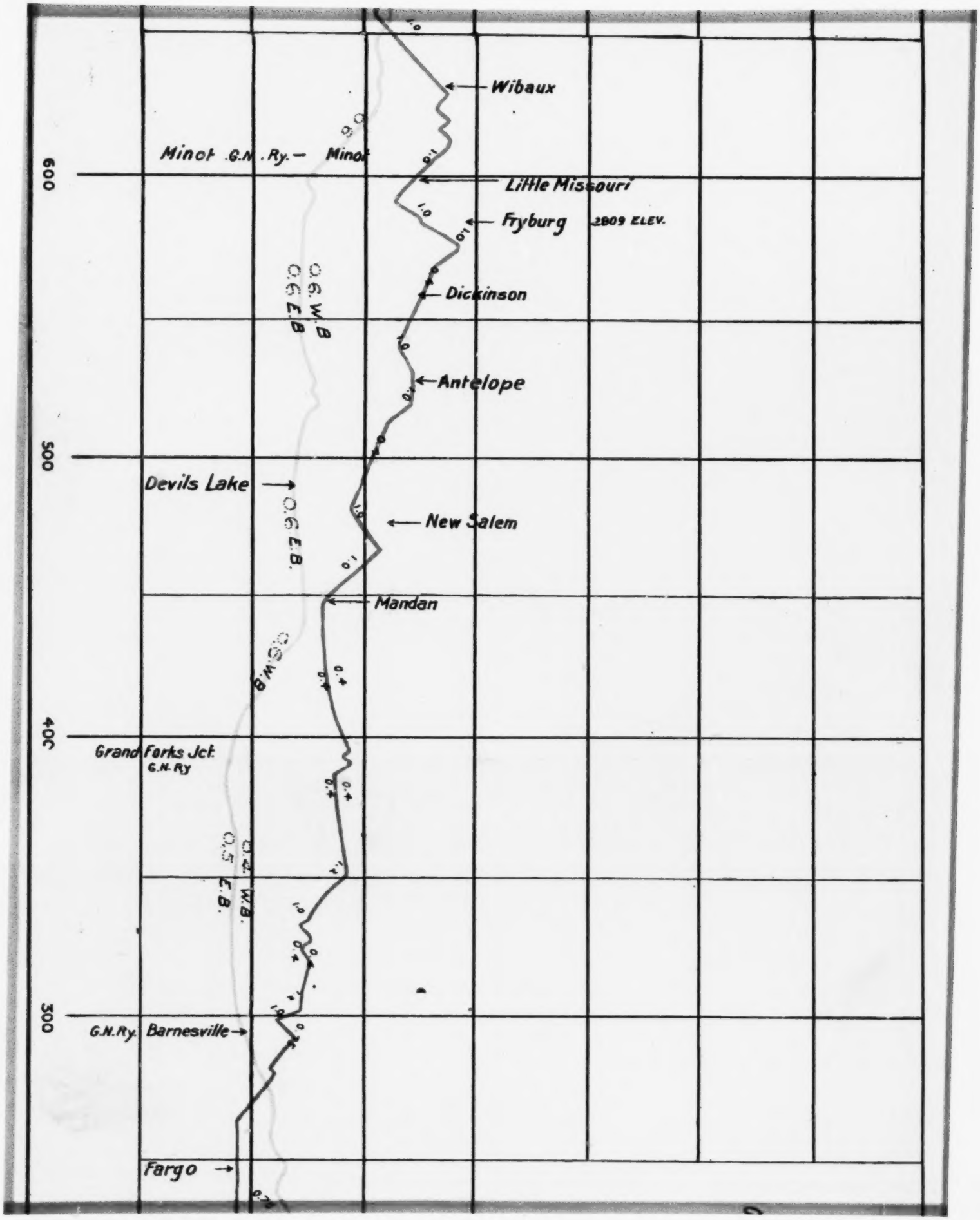
1900


1800
YAZOO
Leavenworth-G.N.Ry
BELZONA
Ellensburg
—334' Cascade Tunnel
Columbia River on G.N. Ry.
1700
TITWEILLER
Badger
368
Pasco
LAKE COMORANT
Bluestem - G.N.Ry.
MEMPHIS
Providence
1600


MEMPHIS
1600
Providence
ELEV. 2441
ELEV 20
Spokane - G.N Ry.
Cheney 2345 ELEV.
Spokane
1500
FULTON
Hauser
Athol. 2400 ELEV.
CAIRO
Troy G.N.Ry.
ELEV. 225
Heron
1400


CAIRO
Troy G.N.Ry.
ELEV. 225
Heron
Trout Creek 2378 ELEV.
ELEV. SUMMIT 2494
ELEV. 3279
ALMA
WhiteFish G.N. Ry.
Dixon
Arlee
Evaro ELEV. 3971
MATTOON
ELEV 345
Missoula
5202 Summit
LODA
Garrison
Cut Bank G.N.Ry.
Boyd
ELEV. 5565.9 LENGTH 3875'
Mullan Tunnel
Helena
MONEE
ELEV. 390
Winston
ELEV. 1575
Townsend
ELEV. 3330
CHICAGO
Logan
Bozeman Tunnel
Havre
Bozeman
1400
1300
1200
1100


Havre
Logan
Bozeman
Tunnel
ELEV. E.S. 52 LENGTH 3652'
Livingston
1000
0.4 W.B
0.4 E.B
0.25 E.B
Laurel
900
Glasgow - G.N. Ry.
Billings
0.4 E.B
0.4 W.B
800
Forsythe
0.25 E.B
Williston - G.N. Ry.
700
Glendive
Wibaux


600
500
400
300
Minot G.N. Ry. — Minot
Wibaux
Little Missouri
Fryburg
2809 ELEV.
Dickinson
Antelope
Devils Lake
New Salem
Mandan
Grand Forks Jct.
G.N. Ry
G.N.Ry. Barnesville
Fargo
0.6 W.B.
0.6 E.B.
0.6 E.B.
0.5 E.B.
0.2 W.B.

N.P.Ry.

Condensed Profile

St. Paul to Gray's Harbor

Office of Chief Eng'r-St. Paul, Minn. Dec. 3rd 1907

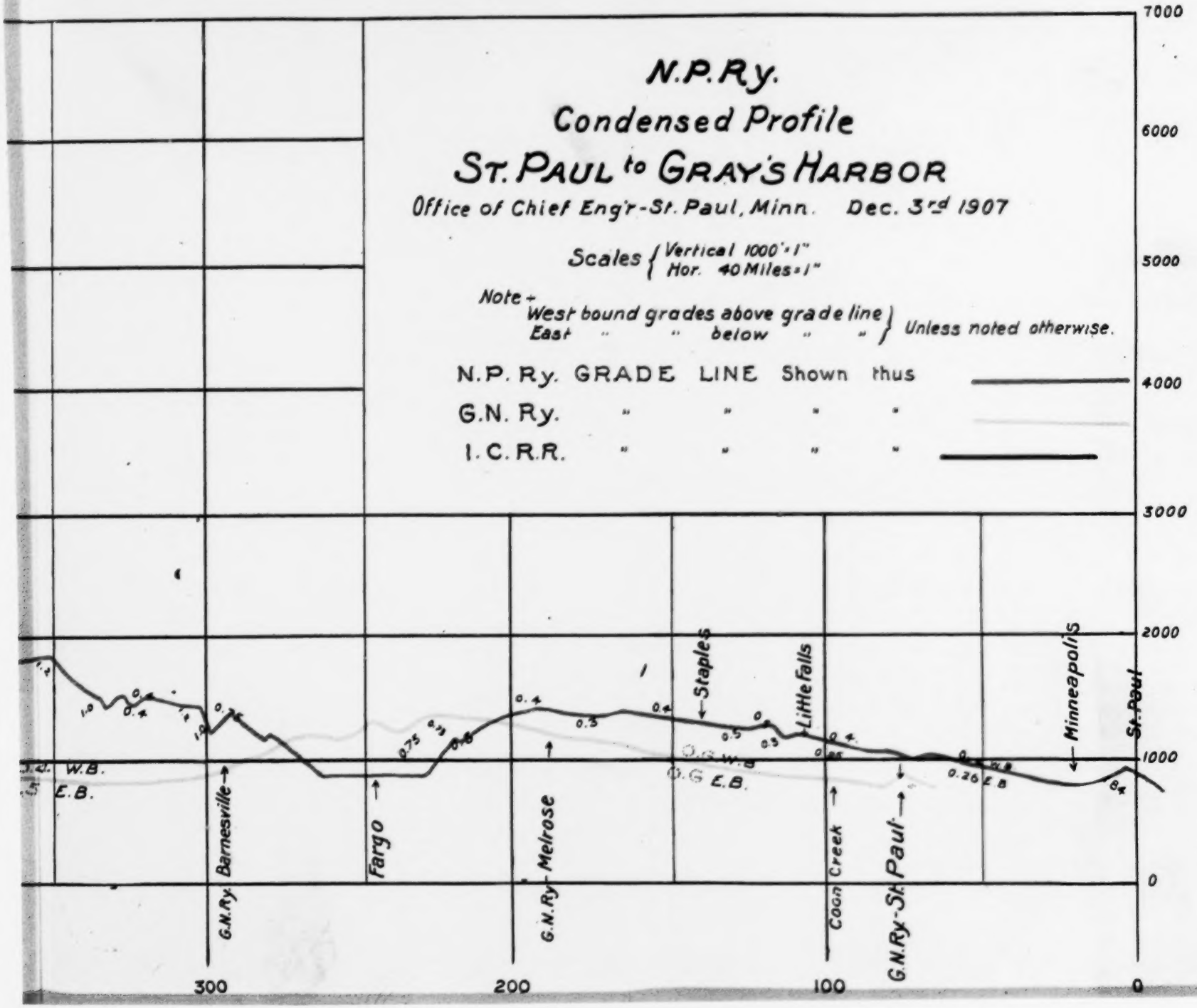
Scales { Vertical 1000'=1"
Hor. 40 Miles=1"

Note- West bound grades above grade line
East " " below " " } Unless noted otherwise.

N.P. Ry. GRADE LINE Shown thus ———

G.N. Ry. " " " "

I.C.R.R. " " " " ———



This profile shows the profile from Puget Sound on the west to St. Paul and Minneapolis on the east, for the Northern Pacific and the Great Northern. The Northern Pacific profile is the heavy black line; the Great Northern Railroad is the dotted black line. This also shows the profile from McComb, Mississippi, to Chicago, Illinois, of the Illinois Central Railroad. That is indicated by this broken dotted line. The elevation of McComb, for the purpose of making this comparison, is assumed to be the same as the elevation at Tacoma and Seattle. It is obvious, to look at that profile, that the volume of lumber business that is moving from Puget Sound to St. Paul has to be lifted up and down quite a number of ridges, quite a number of mountains. The same thing is true with regard to the Great Northern and the Northern Pacific. On the Illinois Central, in moving from McComb to Chicago, the list is shown on this profile. Here is some of it that is not so great as on the Northern Pacific and Great Northern roads. Now, there is no way that I know of that we can make actual arithmetical computations of the cost of doing the business on the Illinois Central or the cost of doing the business on the Great Northern or the cost of doing the business on the Northern Pacific; but there is a mathematical method of determining the resistance that must be overcome in moving business over a given line with given grades, and that is what we have attempted to compute in these calculations. We will assume, and we have assumed, that our men who operate the Northern Pacific are as good as the men who operate the Illinois Central, and that our costs for material are the same, and that our costs for labor are the same, and that we are as efficiently operated. We assume that all those elements are the same on each road. As a matter of fact where those elements are different the costs are against the northern lines.

The Illinois Central Railroad, from McComb to Chicago, is 825 miles long, and has 176 miles that is level. It has 172 miles of four-tenths grade, or 14 feet to the mile. It has 279 miles of sixteen feet to the mile. It has 78 miles of 22 feet to the mile; then it has 120 miles of one per cent. grade. Now it is a well-known fact, established by mathematical calculations, and physical tests, that the resistance that must be overcome in order to move a ton on a level road is six pounds. It is also well-known, established by calculation and by experiment, that the resistance to overcome and lift a ton up a one per cent. grade is, in addition to the resistance to be overcome to move the ton on a level road, 20 pounds—20 pounds more. So the

resistance to be overcome on a one per cent. grade would be 26 pounds. The resistance to be overcome up a five-tenths of one per cent. grade would be the initial rolling friction of six pounds plus one-half of twenty, or ten, which would be sixteen, and so on with each one of these varying grades. So that in order to find out how much of the 825 miles of the Illinois Central is equivalent to the one per cent. grade, which is the unit, we calculate the resistance to be overcome and the train miles to be moved, in order to move a given volume of business, after we have reduced that to a one per cent. basis. A given number of train miles on a one per cent. grade will do a good deal more work on a five-tenths of one per cent. or a four-tenths of one per cent. grade; so that on the two hundred seventy-nine miles —I will take 279 miles of five-tenths of one per cent. grade, because that is an easy example. On the Illinois Central there are 279 miles of five-tenths of one per cent. grade. On that the resistance is 16 pounds to the ton, to be overcome. Now, if this was a one per cent. grade, the resistance to be overcome would be 26 pounds to the ton. So the number of train miles needed on 279 miles for a five-tenths of one per cent. grade would be only sixteen twenty-sixths of that needed on the 279 miles of one per cent. grade, which would be 172 miles. Then you can take 279 miles of two per cent. grade and make the same calculation. Then you can make a calculation on the 176 miles of level grade, and you will find that that will be the equivalent of 41 miles of a one per cent. grade. Reducing the Illinois Central, therefore, to a one per cent. basis, you have four hundred ninety-one train miles of resistance, based on a one per cent. grade. That means, in order to move a given volume of tonnage from McComb to Chicago over the Illinois Central, you would have to take 491/825 using the one per cent. grade as a unit. By that I mean that the cost of operation in moving a train of a given number of tons over the Illinois Central Railroad would be the same as the cost of moving that same train over four hundred ninety-one miles on a one per cent. grade.

Now, we make that same calculation for the Northern Pacific Railroad. We take the distance from Tacoma to St. Paul, which is 1,909 miles. Of that distance, 341 miles is a one-quarter of one per cent. grade, or 11 feet to the mile; 662 miles are four-tenths of one per cent. grade; 127 miles are five-tenths of one per cent. grade; 125 miles are eight-tenths of one per cent. grade. We give, in this calculation, the balance, 654 miles, a one per cent. grade, although much of it is higher for

the reason that we operate it as a one per cent. grade, by putting on helper engines where the grade is higher than one per cent. In other words, if we come up to the foot of the grade, we put another engine on. Figuring these resistances in the same way, we find on the Northern Pacific Railroad, that it is equivalent to 1338 miles of one per cent. grade. So then, using the one per cent. as a basis, we would have 1338/1909, which is 1.18 of the Illinois Central, but it is not fair to say that the whole excess mileage is all extra cost, because it is well-known that some of the expenses are constant, and Mr. Wellington, who is an authority on railroad economics, has figured that all out, and shows that the excess cost for the extra train mileage, instead of being 100 per cent. is 49½ per cent. So we have 700 for the Northern Pacific and 995 for the Illinois Central, which makes an excess of 105. Now, we do not add that; we add 49½ per cent. of that, because we cannot say that all of that is extra. Add that, and it is 52 instead of 105. On the Great Northern there is a mileage of 1821 miles. Reducing it down to the one per cent. grade basis it makes 1363/1821, or 741/1000 of the one per cent., or 1.26 of the Illinois Central Railroad. Here again, however, it is not fair to add the whole excess, but we take 49½ per cent. of that, which is 77 to be added to the Illinois Central figure of 595.

Now, that would be the end of the calculation if it were not for two reasons. One is that both of the northern roads, in order to get over these mountain ranges have to put on to their trains additional engines, and they have a good deal of mileage of what is called helper districts. So, in all fairness, in trying to equalize with the Illinois Central you have to add something for that helper service.

Here, again, Mr. Wellington, who is a recognized authority, has made some computations.

The total helper mileage on the Northern Pacific Railroad is 99 miles on an eastbound movement. We have to put on one or more engines on every train going from Puget Sound to St. Paul to help the train over some of these bad places. Equalizing those 99 miles in the same way, as I have explained, reducing them to a one per cent. basis, it comes down to an equivalent in helper miles on the Northern Pacific, or 78.76 less than the 99 miles. You think it would be higher, having higher grades, but there are a number of districts where we have a grade less than one per cent. So we have 78.76 of equivalent helper districts.

On the Great Northern there are 37 miles of equivalent

helper districts. They do not have as bad mountain crossings as we do. Mr. Wellington, in his book, estimates that it would not be fair to take the whole helper mileage, but here, again, we only ought to take a certain percentage. We ought to take only .767 of it. We do that. We take .767 of the 99 miles of extra, or 60 miles helper service on the Northern Pacific, and .767 of 37 miles on the Great Northern, which would be 28 miles. These extra train miles have to be furnished in order to get this business over these grades and over these mountains.

Another thing that has to be overcome is the total elevation, the total amount you have to lift the train. The total elevation that the Illinois Central must lift their trains in going from McComb in Mississippi to Chicago, Illinois, is 3,245 feet. The Great Northern, in the movement from Seattle to the Twin Cities must lift their train 12,459 feet. The Northern Pacific railroad, in moving their trains from Puget Sound to the Twin Cities, must lift their train 15,493 feet. So the extra lift of the Northern Pacific Railroad over and above the lift of the Illinois Central is 12,248 feet between Tacoma and the Twin Cities, and on the Great Northern the extra lift is 9,214 feet. Here, again, you have to make a calculation as to the resistances, and this equalization, all of which can be figured out and has been figured out very carefully—results in an additional train mileage because of that extra lift of 196 extra equivalent train miles, the calculation being of the same nature that I have explained. That would be taken care of on a one per cent. grade if the one per cent. grade would run out indefinitely. Suppose we had 3,245 feet of Illinois Central elevation, and that is all we had, then it would be taken care of, but we have to go on and lift 12,000 feet more. We have to exert an effort to get it up 12,0000 feet higher.

So we have to add 196 extra train miles because of having to lift it 12,248 feet,—those are the figures I gave—up in the air. You could make the calculation for the Great Northern in the same way. That would figure 139 extra train miles. There are 139 equivalent extra train miles on the Great Northern for this lift of 9,000 feet more than the Illinois Central freight has to be lifted. There are 28 extra train miles where helpers are needed, making 168 extra train miles in the movement, from Puget Sound to the Twin Cities. Divide that into the total distance and it gives 92/100 of a train mile for a mile of road in addition to what I have already explained. So the total train miles on the Great Northern would be the 595—the Illinois Central unit, and as I have already explained, and 77/100

because of the greater amount of resistance to be overcome, and the 92/100 because of the lift, making a total of 767/1000 of train miles, or 129 per cent. of the Illinois Central.

I mean that that demonstration shows that if you assume we have like efficiency of management that we have like efficiency of coal, like efficiency of weather conditions, and no greater congestion, that the resistance to be overcome in moving a given volume of business from Puget Sound to the Twin Cities is 129 per cent. of the resistance to be overcome on the Illinois Central for a like volume. I cannot say what the costs are, because I do not know what the Illinois Central costs are.

If rates were to be based entirely on the cost of service, and we assume all these conditions to be alike, our rates might be per ton mile 129 per cent. of the rate on the Illinois Central. I think the Northern Pacific figures out 131 per cent., and the Great Northern 129 per cent. There are some other conditions that come in with the Northern roads. We all have our difficulties and I suppose the Illinois Central has its difficulties, but we know that we have some ourselves. We have very bad weather conditions ordinarily from December first, or even from the first of November, sometimes, until the first of April. For at least four months of the year—December, January, February and March—we have bad weather conditions. The normal rating of the locomotives is on a basis of hauling 100 per cent. of its capacity. That is what it hauls in good weather. When the thermometer goes down to thirty degrees, between thirty degrees and ten degrees, the locomotive, we calculate, hauls ninety per cent. of its capacity; between ten degrees above zero and ten degrees below zero it hauls eighty-five per cent. of its capacity; below ten degrees below zero we load it only seventy-five per cent. In very severe storms we only load it fifty per cent. I do not know whether we have more storms than the Illinois Central or not, but I do know that we have at least four months of the year of very severe weather, when we cannot get the full efficiency of our locomotives. That is an element which I cannot make any figures about, but it enters into the question.

Another important question in considering the cost is the capacity of the road or the lack of capacity. It is obvious if your road is very much overtaxed, that that will prevent the rapid movement of your cars and that ought to be taken into consideration. It is also obvious that on a mountain grade it takes more trains, even with helping engines, than on a level grade. That means more meeting points and more facilities.

So where the conditions are different I think it is not unfair to say that the differences are unfavorable to the northern roads.

So that on a demonstration, a mathematical demonstration as to the relative amount of resistance to be overcome, moving freight from Puget Sound to the East, and moving freight from the Gulf of Mexico to the north, that amount is 29 per cent. more for the Great Northern, 31 per cent. more for the Northern Pacific; and some of the actual unit costs we believe are very much higher in the case of the Northern Pacific than in the case of the Illinois Central.

In addition to these figures I have given you, it is to be borne in mind that a great deal of the lumber the Northern Pacific railroad is trying to handle does not originate at Tacoma. Instead of hauling it 1909 miles we have to go back about 50 or 60 miles, or perhaps 100 or 120 miles on other little roads, to get that lumber and bring it forward. So we have simply made this calculation from Tacoma as the initial point, and compared it with Seattle, the initial point on the Great Northern, and with McComb, the initial point on the Illinois Central.

The greatest elevation on the Northern Pacific is 116 feet to the mile; what is known at 2.2 per cent. grade. The same is true of the Great Northern. The highest elevation on the Northern Pacific is where we cross the main range of the Rocky Mountains, which is 5,565 feet. The highest elevation on the Great Northern is where we cross the main range of the Rocky Mountains, which is about 5,202 feet.

The progressive list is not involved in the first computation. You might say you have lifted it up and it is easy to roll the train down the hill, the one offsetting the other, but there is very little compensation in the down grade. The only thing you save on the down grade would be the fuel consumption. You have the same wear on the rails, the same wheel friction, you have the same train crew, the same equipment. We do save a little fuel, except on very steep grades, where I doubt if we save much. We have to pump air all the time on a steep grade, and as fuel is only eight per cent. of the train cost, not counting any other cost, it is almost a negligible quantity, because you know you do not have to save anything else, and it is offset in our case, we think, by the fact that on steep grades we have to use a great deal of braking power, and also by the fact that we have not added in our computations two engines in our helper districts, although, in a great many instances, we practically use three engines. To be on

the safe side we have made a computation on the basis of only one extra engine in the helper district.

We take the total number of miles from Tacoma to St. Paul, we say that a certain number of these miles are a one per cent. grade. We consider in this computation of grades for the east bound business only, the eastbound grades. We have taken the equivalent of the one per cent. grades up going east. The effort we have to overcome to get over the hills is what we have taken. We do not store anything up. Our total number of miles of different grades adds up the total number of miles from Tacoma to St. Paul. Over a great many of those miles we are going down hill and not uphill. We get at the amount of uphill grade in this way. Take that profile, of course we took a very large one, and we secured every mile of uphill grade. We did nothing with our downhill grades. We ignored them. We come in, say, between Billings and Livingston; theoretically, it is downhill from Livingston to Billings. As a matter of fact, there are little humps in that line all along there. Some of them, perhaps three-tenths per cent., some of them .25 per cent., and in some places 5 per cent; but when we try to run a train from Billings to Livingston it is loaded so it can get over .3 per cent. grade, if that is the maximum in that run. Therefore, for operating purposes that becomes a grade division of .3 per cent.; the engine cannot go over the whole distance unless it can go over the most difficult part, the .3 of one per cent. grade. We make this up by operating divisions; we load that engine at Livingston to the maximum capacity it will haul over the maximum humps between Livingston and Billings. We determine these grades from both the operations of our road and our profiles. We take our profile and we find where we are limited in getting the benefit of the downhill grade by having an uphill grade right in the middle. If the comparison were made not on the basis of operation but on the basis of units of resistance, the disparity between the northern lines and the Illinois Central would be much more. The resistance on a level grade is six points to the ton. That is the wheel friction. It is on the theory that it costs more to pull something uphill than it does to run downhill. Taking a division one hundred miles long, if it were downhill all the way except where you go uphill for short distances on a 3/10 grade, we would reckon that as a 3/10 grade proposition. I think that is as fair a comparison as you can make. I don't know of any way to get at it any more closely.

Another thing you have not taken into account at all in reference to resistance on the northern roads, and while I am not personally familiar with the Illinois Central, except that I think I made two trips over it, I know in a general way that their line is a pretty straight line. We have a great deal of curvature all through the western part of our road.

This lack of capacity is the most serious question in the successful operation of freight and overcoming the resistance necessary to move it. This method of reducing everything to the one per cent. comparative basis to figure the number of train miles is by a formula from Mr. Wellington's book. (Wellington, page 571.) The cost of the additional train mileage to handle a given business is 49-1/2 per cent. of the unit.

The cost of a helper mile is 76.7 per cent. of the train mile. (Wellington, page 602.)

Cross-Examination.

Since 1897, since the receivership, the owners of the securities of the Northern Pacific have received 4.23 per cent. per annum return. I mean that the payments for interest and dividends for the period since the receivership averaged 4.23 on the par of the stock and bonds issued. The bonds were issued on a basis of a fixed percentage. There has been no default on the interest on the bonds. The stockholders received seven per cent. dividends on their stock in 1907, 1906 and 1905. We commenced the seven per cent. dividends in 1904. In 1900 they were 3.48 per cent. on the stock; in 1901, 4 per cent.; in 1902, 5.48 per cent.; in 1903 they received 6.5 per cent. Since 1903 they have been substantially on a 7 per cent. basis. That is the only benefit the stockholders of the Northern Pacific have received out of its earnings and operations. I considered the improvement and betterment of the road, the increasing of the terminal facilities, the increasing of the shipment, the gathering together of the surplus, the creation of large funds to be of no value to the stockholders, but it is a value to the property and a value to the stockholders in that way. The stockholders have not received a dollar. That property is in very much better condition than it was.

Our gross earnings and net earnings have materially increased since the road was reorganized. Our earnings per mile and our load per car have materially increased. Some of

our grades have been reduced. Our percentage of empty car movement since 1900 has decreased.

Our percentage of operating expenses for the year ending June 30, 1907—operating expenses and taxes, because we have to pay those—my recollection is 58-1/2 per cent. of our earnings, and we have thought that would be pretty high. I think it was something like 9 per cent. higher than the previous year. We thought that was due, perhaps, to the very severe winter. In fact, we believed it was in part, and that when we got over those troubles we would be much better off. Yet for the four months of this fiscal year, from July 1st to October 31st, with the very best weather conditions we have ever had, with a large volume of freight, with a good many improved facilities, our operating expenses have gone up to 59.2 per cent. Let me get that exactly right for you. They have gone up to 59 and a fraction, as compared with 51 and a fraction for the same four months a year ago, or more than they were when we were loaded with this difficulty of the severe winter of a year ago, nearly 20 per cent.

We have been carrying a great deal of traffic on our road per mile of road; our cars have been doing service, I do not call it very excellent. We have done better than many. I do not think they carry near enough to serve the community. Our road is interested in the building of the North Bank Railroad. We hope that will relieve the congestion to some extent over the mountains. That was the object in building the road. We are also building from Spokane to Pasco. That will give us an alternate line from Portland into Spokane. The profile that I filed was based upon hauling over the Cascade Mountains. It was not based upon a river haul along the Columbia River. And based all on the new grade. There are a number of other improvements in progress between Spokane and Missoula that would greatly increase the capacity of our line. We hope to have them done by August of 1908. Our road has spent seventy-five million dollars in increasing the betterment of its facilities. I can best explain where they come from perhaps by giving you a brief statement of the sources from which the Northern Pacific has been able to get money to make these improvements. Some of it came from earnings. I will answer your question in that way. When the property was turned over to the company by the reorganization committee, they gave to the company five million dollars in cash. They gave them four million dollars of one kind of bonds, which were afterward sold

for two million million nine hundred twenty thousand dollars. They had a provision in the prior lien mortgage which allowed the company to expend one million five hundred thousand dollars each year and get bonds therefor. In addition to that, the company was entitled to use a certain amount of the net proceeds from the sale of its land grants for making additions to the property. Those were all the ways they had to get money. Their credit was exhausted. They couldn't borrow any more money. The stock was at a low figure. They couldn't issue any more stock. So the money that has gone into the Northern Pacific for the last ten or eleven years for the improvement of the property has come from that five million dollars of cash, the sale of four million dollars of bonds at two million nine hundred twenty thousand dollars. and the issue of this one million five hundred thousand dollars of bonds per annum, the net proceeds of the land department, and in acquiring certain properties that are now a part of the system, like the St. Paul & Duluth, certain other bonds were issued or assumed. We have a statement that shows every dollar that has been put into the capital and where it came from. I will be very glad to submit it if you would like to have it.

I am moderately familiar with the results of the operations of the roads as shown in these reports of the last few years.

It is not true that there has gone into maintenance of way and structures and maintenance of equipment over a hundred million dollars from operating expenses since 1897. I could not tell you as to the exact sum that has been appropriated from earnings and spent on betterments. We have taken and put into our property since the receivership, from the total net income, whether from earnings or from interest, or from anything, approximately thirty-two million dollars, in order to increase the capacity of the property so as to try and furnish an adequate amount of transportation. The sources from which we could obtain this money were limited. We spent every dollar we could get from bonds and land grants, and all the money that was turned over to the company, and in addition, in order to try to keep pace with the growth of the country, we put thirty-two million dollars of the stockholders money into the property. We would have been justified in paying it in dividends. We were not paying seven per cent. dividends during the most of that period. We were from 1903. Since 1903 we have been putting in all we could get to try to improve the property. Part of that

money came from earnings. It has been the custom of the Northern Pacific, in the betterment of its property, before finally accounting to profit and loss, to make an appropriation for improvements each year for a number of years. Some of that was in addition to the amount that was charged in the operating expense account to maintenance of way and betterment.

We paid seven per cent. dividends in the year 1907, and after the payment of dividends we carried to profit and loss something over twelve million dollars. For that year ending June 30, 1907, we charged out of that amount, or deducted from the twelve million dollars about six million dollars for depreciation of equipment. That left us with a credit to profit and loss of something in excess of forty-four million five hundred ninety-five thousand dollars. There was standing to the credit of the Northern Pacific Railway Company on June 30, 1907, to the credit of profit and loss account, in round numbers, about forty-four million five hundred ninety-five thousand dollars.

There were assets on hand in cash of nearly twelve million dollars. Then we had a large number of treasury securities, amounting to about sixteen million dollars. And construction advances to other railroads of about nineteen million five hundred thousand dollars, and other funds. I would be very glad to explain what you call the surplus account just as fully and frankly as I know how.

To save your time and mine and the time of the Commission and of these other gentlemen. Some of the figures you have stated are absolutely correct. What you call surplus, I take it, are these credit accounts, on the credit side of the balance sheet. The profit and loss item is forty-four million, five hundred ninety thousand, seven hundred and seven dollars, three cents. The reserve funds, of which you have spoken, right there on the balance sheet are six million, three hundred and nine thousand, seven hundred sixty-six dollars, eighty-six cents.

The insurance fund of which you have spoken is, $2,120,460.20 or a total of $53,025,934.09, which has been accumulated in the eleven years since the receivership from the excess of earnings over expenses, and from interest, rentals, dividends and any other sources of revenue the company has. Out of that, $31,766,855.59 has been put into fixed property in order to increase the transportation facilities needed to carry in part, the commerce of the country. It was not enough. We did not have enough of them but we did the best we could.

The balance between the $31,766,855.59 and the $53,000,000.00 is $21,259,078.50, which represents the excess of our current assets over our current liabiilties. Our current assets are some $37,000,000, and our current liabiilties are some $16,000,000; so we have $21,259,000 in excess. Of the $53,000,000 total, some $13,000,000 has been accumulated in eleven years by miscellaneous income received from sources other than the charges for transporting freight and passengers, leaving some $40,000,000 that you might say was received in excess of the expenses from transportation sources.

Now this reserve fund that you talk so much about, is $6,000,000. We are not ashamed of it. We are rather proud of it. We think it is a very wise provision. We have got a great big concern. It has only been eleven years out of the hands of the receiver, and the property is in good condition. It is not in as good conditions in spots as it should be; and from time to time we have set aside certain sums for rail renewals, for better bridges, for renewal of equipment, for depreciation of various sorts, and for the reason that in the last four or five or six years, particularly, we have not always been able to do as much on the road as we would like to to have done. Last year we would have liked to spend a good deal more money in renewing old ballast and doing a lot of things, but it was a physical impossibility. The time is coming, though, when we will do all that, and the reserve fund is a very proper protection, not only for the benefit of the stockholders, but for the benefit of the property in performing its functions to the public.

The insurance fund is $2,000,000. We have accumulated that by charging a certain amount each year to the cost of carrying our property, and charging the losses against it. We have been very fortunate. We have not used much of it, but we might have one big fire that would wipe out the whole of it. When the Stuyvesant Docks burned in New Orleans, the loss was several million dollars. The Great Northern had a fire at Superior the other day, and the loss was something like $1,000,000. We might have one bad fire sweep through Portland or Seattle, and cost us a lot of money. We do not think it is anything to be ashamed of, that we have a reasonable insurance fund to protect our property.

If you take this $8,000,000 away from the fund, I speak of, we have $13,000,000, as a working capital for the company, and it is not an excessively large working capital for a piece of machinery such as the Northern Pacific property.

It is all in our reports, and the Commission can figure it out. You can figure it out, or anybody can; but to save time I have tried to make it clear. We haven't anything to hide about it.

The $6,000,000 that we charged off by reason of the depreciation of equipment, we charged right against our income or profit and loss account and reduced the debit side of our balance sheet by a like amount. We reduced the book value of our equipment $6,000,000. That does not represent an actual transaction of any sort; simply a book value. We made a very elaborate calculation of our equipment from the time of the receivership to June 30th, 1907, and tried to apply the principles your body has laid down. You have not made an arbitrary rule as to percentages, but you said there should be an allowance for depreciation. We have followed that as near as we could. I think it is, in round figures, six per cent per annum. Some of the accounting men will know exactly; but we have bought the book value of our equipment down, as far as we know, to the first of July, 1907, in accordance with the principles laid down by Mr. Adams. It is a book of entry.

We had a balance to the credit of profit and loss on June 30, 1905, of $14,000,000. Our gross earnings that year were $61,000,000; our dividends and interest, and interest on deposit, was $1,700,000.

There is an old saying that you cannot have your cake and eat it too, you know.. That final balance sheet of June 30, 1907, was absolutely correct. It shows the total results of the properties since the receivership, absolutely, and it shows, as I have tried to state, that, taking these accounts that you refer to as surplus accounts, there has been a total accumulation from various sources, some of it from earnings, some of it from those miscellaneous items you have read, in excess of what has been paid for taxes, interest and dividends, of some $57,000,000. That is represented, as I have explained to you. $2,000,000 of it was put into fixed items of the property that we could not dispose of if we wanted to. It has been added there, and the balance is the excess current assets over current liabilities.

The Northern Pacific has a large and valuable land grant left yet, and the proceeds of that land grant go to create a sinking fund for the retirement of bonds. We retire half a million of bonds, approximately, each year, and the balance has to go in the property, in the way of fixed improvements. In 1906 we sold what is called scrip at $8.00 an acre. When

I went with the company we stopped the sale of land because we thought it was unwise to continue the sale for the time being. In connection with the land grants there were valuable coal lands. The empty haul west was not the sole cause for this advance in rate. It is one of the causes. I think the advance will put us in a much better position to bear the burden of taking empties, than we were in before. Even on a 50 cent rate, I am not clear with the way our expenses have increased, that we would be justified in hauling empties all the way to the coast in order to get lumber. I think that the movement of lumber from the coast east since January 1, 1907, has not been quite as great as last year, but I have not the figures. I think the snow blockade and the car shortage, and one thing and another cut it a little.

The Oriental tonnage is very small on the Northern Pacific. For the 15 months ending June 30, 1907, the west bound Oriental tonnage was 46,000 tons. It has been steadily decreasing in the last four years. The east bound tonnage is rather less, I think, than the west bound. We carry the Oriental tonnage at a cheap rate per ton mile. My judgment would be that it would be below the average rate per ton mile on our business as a whole. The lumber tonnage has exceeded our capacity to handle the traffic for the last 18 months. It is one of the principal industries of the State of Washington, and has contributed, I think, very greatly to the development and prosperity of that state.

I presume we have had the direct benefit of that in having a larger amount of west bound tonnage of goods coming in to supply those engaged in the lumber business and its allied industries. Miscellaneous traffic, of course, is what we live on.

Our own coal mines supply us with a part of our fuel, not all. I think our charge for labor on the whole is higher than in any other part of the United States, except perhaps on some of the Southern Pacific Lines in California and Arizona. Our average operating ratio has been below the average.

The increase in cost is one of the reasons why I think this rate should be advanced. General increase in cost in conducting the railroad business. The empty car haul contributes to the increase in cost. Also the competition of traffic. The fact that we have more than we can handle. These conditions do not exist today. We have a very good movement of east bound business from the Pacific Coast today. We think the lumber business for the lost two years has

been so great that it has added to the cost of our operations and hampered us in transporting business, and if it had been somewhat less, the results to us would have been much better. We did not try to limit it. We did everything we could to help it. We wanted the lumbermen to go on and do their business. Just now that condition has been relieved. I think the lumber is entitled to a very low rate. I cannot ascertain the cost of carrying lumber as a commodity. I cannot actually tell whether we carry it below the cost of the service or not. The building of the North Bank Road from Spokane to Portland will very much reduce our grade on our east bound lumber movement. We shall probably send that way all business from what is called the Gray's Harbor district and south bound district. That comes in at Chehalis. If we take that proportion of our tonnage around that way we will relieve the congestion going through our tunnel in the Cascade Mountains. We won't add to the efficiency of the tunel, but we won't have quite so much business to go through. Taking away business from it does not increase the efficiency of the tunnel.

The cost of handling the traffic of one character may be very much greater than the cost of handling traffic of another character. If the traffic is of such a character that you could combine it into heavy trains and move those heavy trains long distances as solid trains, you can move the traffic very much cheaper than in the case of local traffic, in the case of short haul traffic. Not only that, but you are also able to give the public a great deal more transportation, as you have fewer trains to move on the road. And the lumber traffic, I suppose is all in solid trains, almost the entire distance across the continent. We generally have some other cars in the train; but in the main we have a great many trains that are principally lumber. I think the cost of handling grain, the cost of handling coal, the cost of handling ore, or any of these heavy commodities, is no higher than the cost of handling lumber. That depends a great deal upon the conditions under which they are handled. If they are handled in solid train loads, so that you can drop 50 ton cars, as the Baltimore & Ohio does, down to Cumberland, that is first rate business. You have got to take all the conditions into consideration.

The train mile cost is arrived at by charging up to the cost of freight service those items that are obviously for freight accounts. Say the wages of a freight engineer, or the fuel of a freight engine. The indivisible items, like the salary of a

station agent or the pay of a train dispatcher, or the maintenance of the roads, are divided on the basis of the number of freight train miles and the number of passenger train miles. It is purely an arbitrary division. Nobody can say that it is right or that it is wrong. You add all those expenses together, and divide them by the total train miles, and you get the so-called cost per train mile. The operating expenses per train mile includes both passenger and freight trains. The operating expenses per train mile of $1.46 is, I presume, the cost of operating all our trains, freight and passenger and everything else The cost of the lumber train mile might be greater in certain districts, and it might be less in others than the average. We had a train out of Tacoma not long ago that ran away on the mountain and cost us $35,000. You have got to take your average for the whole year. We had serious washouts out in the Green River Canyon on the west slope of the Cascade Mountains, that cost a number of thousand dollars. You have got to apportion that to your freight train cost if you are going to try to get at it. Of course—you are right—you could take the wages of the engineer and fireman and arrive at it. It would be a possible thing to do, but it would not, in my judgment, be a fair cost.

There has recently been some decline in wages of what you may call common labor, but there has been no decline so far as to be effective in the prices that we are paying for materials. Our tie contracts that we made for 1908 are on just as high a basis as in 1907. I doubt very much whether the wages of the men in what are called the organized trades, will show any reduction unless times get very much more serious than they are now.

I think there will be a fall in some supplies. I hope there will, because if there is not, I don't know how anybody is going to get out, in the railroad business.

The ordinary arrangement of the ordinary trades in our country is that they are supposed to be for a year; but either side can give thirty days' notice in most of them, and call for a hearing, call for a negotiation either for an advance or for a reduction. Of course for the last few years we have had notices in between the yearly dates for advances, and have had to make them, more or less; and as already stated, I doubt if any reductions can be made unless the general conditions in the country are very much more serious than they are today. I don't think the labor organizations will stand for it. I don't know that they ought to.

An aggregate train load of various commodities, each loaded as heavily as lumber, would cost as little to move per ton per mile as lumber in train loads. We do not as a rule move the same solid train of lumber, or any other commodity, from Tacoma to St. Paul, keeping it in a solid train load all the way through. There may occasionally be such a train. We could not take a train over our road from one end to the other, loaded to the full capacity of the engine on some one particular division. After our cars leave Tacoma going east they go up to Auburn, and then east through the Cascade Tunnel to Ellensburg. When we have a heavy business we are able to make up a full train at Tacoma and another full train at Seattle. At times we consolidate at Auburn. We try to run a full train from Tacoma to Ellensburg. Then we run from Ellensburg to Pasco. Sometimes we do switching at Ellensburg if we have a bad car to take out, or we may have something to pick up. We can take more tonnage from Ellensburg to Pasco than we can from Auburn to Ellensburg. Pasco is on the east side of the mountains, where the Columbia river begins to turn north.

After we get these trains started, except these engine divisions, and the necessary switching which takes place at the engine division to adjust the train for the next engine, the mere increase in distance in the haul does not increase our expense to any extent.

In the lumber business there is an element of expense which does not exist in any other business. We have very often to switch out carloads of lumber because of the fact that the load has shifted, and we have to put the car on the side track and arrange to load, put it in order, so that the car will run safely. After we get this train load of lumber over the Ellensburg division the switching is just to put out cars and switch in cars, in order to make up the correct tonnage that we can take over the division behind our engine. Therefore, our expenses are not decreased materially per ton per mile because it goes farther. The grain business possibly does not collect in as many heavy trains as the lumber does, that is when there is a heavy movement of lumber. We gather up the grain on the branch lines and take it into the main line, and then we run solid trains on the main line to Duluth or Minneapolis. The fact that there is too large a tonnage and not enough speed on our road has affected the transportation cost to some extent.

In 1903 the train movement was 94.25 miles per day, and in 1906 it was 86 miles. That decrease in the car movement increased our expenses, because we had to have more space for cars to stand around, more yards to hold them. We had to have a larger equipment to do the given volume of business, and that meant more car repair and more inspection.

The maximum of loaded cars west of the Cascade Mountains in the winter of 1907, waiting to be moved, was about 5,000. These cars would be about 45 feet long, so that we had about 5,000 times 45 feet, that much space occupied with cars on side tracks west of the Cascades. We had no shortage yards in which those cars were placed; and, I am sorry to say, they were strung all the way from South Bend to the top of the Cascade Mountains. At Gray's Harbor the side tracks were full, at Tacoma the side tracks were full, and at Seattle the yard was full of those cars. We do not put side tracks in for the purpose of storing these cars on them. Our side tracks are either house or team tracks at stations, or passing tracks. These cars had to stand on passing tracks to a large extent. That increased our expense because it made it more difficult to get trains over the road. Instead of having passing tracks, we will say, every five miles or so, those tracks being occupied by cars, the trains might have to run ten or fifteen miles to find a place to meet, and in that case one train would have to wait until the other one got there, and there was a great deal more dead time. That led to overtime on the part of the employes. And there was increased consumption of coal, and we did not get the benefit of the coal while it was being burned to the same extent. An engine burns coal on the side track, and that engine has not been performing any service. Of course, we lost the time and usage of our cars.

We had some congestion in North Dakota during the very severe snow last year, during that bad weather. This reduction in the speed of trains was not an attempt on our part to reduce our expenses by reducing the speed. It led to an increase of expenses rather than a reduction.

At the time of this congestion in Washington, the weather accentuated it very much.

NATHANIEL B. HINCKLEY (Record page 1712), testified as follows:

I am a public accountant. I have had about twenty-three years experience in railroad accountings. I was the assistant general auditor of the Chicago, Burlington & Quincy Railroad; the auditor of the Chicago, Burlington & Northern Railroad; assistant general auditor of the Chicago and Great Western; auditor of the Mason City and Ft. Dodge Railroad. I have prepared figures and statements for use in this case. All but one statement were prepared from the statements of the Interstate Commerce Commission; that one was prepared from the books of the railroad company.

Hinckley Exhibit No. 1, offered and received in evidence, was a statement showing the tons of freight that moved one mile and the passengers carried one mile, and the percentage of passengers to freight on the Northern Pacific, Great Northern, Burlington, O. R. & N., and the Illinois Central. That statement is correct to the best of my knowledge and belief.

HINCKLEY, EXHIBIT 1.

PERCENTAGE OF PASSENGERS CARRIED ONE MILE TO TONS OF FREIGHT MOVED ONE MILE, YEAR ENDING JUNE 30, 1907.

NAME OF RAILROAD CO.	Tons of Freight Moved One Mile.	Passengers Carried One Mile.	Percentage of Passengers One Mile to Tons of Freight One Mile.
Northern Pacific	5,504,444,098	722,745,259	13.11
Great Northern	4,920,792,956	418,678,415	8.50
Chicago, Burlington & Quincy	7,114,843,286	892,747,607	12.5
Oregon Railroad & Navigation Co.	758,684,940	126,440,471	16.66
Illinois Central, entire line	6,592,022,619	569,931,666	8.64
Illinois Central, south of Cairo	2,619,749,986	179,258,797	6.87

From reports to I. C. C.

I have a statement showing the proportion of passenger earnings to gross earnings on those various railroads. That statement marked Hinckley Exhibit No. 2 was offered and received in evidence. That statement is correct.

HINCKLEY, EXHIBIT 2.

PERCENTAGE OF PASSENGER EARNINGS TO GROSS EARNINGS FROM OPERATION, YEAR ENDING JUNE 30, 1907.

NAME OF RAILROAD CO.	Gross Earnings from Operation.	Passenger Earnings.	Proportion to Gross Earnings.
Northern Pacific	$68,447,454	$19,192,008	28.03
Great Northern	50,208,035	12,381,184	24.66
Chicago, Burlington & Quincy	81,705,307	23,348,932	28.5
Oregon Railroad & Navigation Co.	12,942,815	3,764,857	29.1
Illinois Central, entire line	57,301,565	13,664,867	23.67
Illinois Central, south of Cairo	21,853,109	4,727,792	21.63

From reports to I. C. C.

Hinckley Exhibit No. 3, offered and received in evidence, is a statement showing the cost of moving a loaded freight car one mile by dividing the mileage of freight cars into the total of operating expenses and taxes on all these roads.

HINCKLEY, EXHIBIT 3.

COST OF MOVING LOADED FREIGHT CAR ONE MILE, YEAR ENDING JUNE 30, 1907.

NAME OF RAILROAD CO.	Mileage of Loaded Freight Cars.	Operating Expenses.	Taxes.	Total Operating Expenses and Taxes.	Cost per Loaded Freight Car Cents.
Northern Pacific	309,504,759	$37,601,938	$2,398,719	$40,000,657	12.90
Great Northern	246,084,240	29,446,866	1,882,699	31,329,565	12.73
Chicago, Burlington & Quincy	405,305,274	58,184,494	2,814,057	60,998,551	15.
Oregon Railroad & Navigation Co.	37,714,307	6,969,822	311,867	7,281,689	19.3
Illinois Central, entire line	370,906,909	38,538,639	2,217,817	40,756,456	10.9
Illinois Central, south of Cairo	153,716,814	16,238,086	561,710	16,799,796	10.2

From reports to I. C. C.

Hinckley Exhibit No. 4, offered and received in evidence, is a statement showing the tons of freight moved one mile per dollar paid for fuel upon the level divisions, and the mountain divisions of these various railroads, involved in this case, and upon the lines of the Illinois Central Railroad south of Cairo.

HINCKLEY, EXHIBIT 4.

COMPARATIVE STATEMENT TONS OF FREIGHT MOVED ONE MILE PER DOLLAR PAID FOR FUEL, YEAR ENDING JUNE 30, 1907.

NORTHERN PACIFIC RAILWAY CO.

MANDAN TO BILLINGS Miles 441.45			HELENA TO TROUT CREEK Miles 250.06			ELLENBURG TO PORTLAND Miles 271.96		
Tons Moved One Mile	Amount Paid for Fuel	Tons Moved One Mile per Dollar	Tons Moved One Mile	Amount Paid for Fuel	Tons Moved One Mile per Dollar	Tons Moved One Mile	Amount Paid for Fuel	Tons Moved One Mile per Dollar
755,348,583	$644,901.02	1,171	572,048,628	$563,617.69	1,015	450,473,506	$625,385.12	720

GREAT NORTHERN RAILWAY CO.

ST. PAUL TO BRECKENRIDGE Miles 212.65			LEAVENWORTH TO SEATTLE Miles 151.97		
Tons Moved One Mile	Amount Paid for Fuel	Tons Moved One Mile per Dollar	Tons Moved One Mile	Amount Paid for Fuel	Tons Moved One Mile per Dollar
427,659,503	$304,396.50	1,405	179,918,089	$394,291.42	456

OREGON RAILROAD & NAVIGATION CO.

PORTLAND TO UMATILLA Miles 187			UMATILLA TO HUNTINGTON Miles 217		
Tons Moved One Mile	Amount Paid for Fuel	Tons Moved One Mile per Dollar	Tons Moved One Mile	Amount Paid for Fuel	Tons Moved One Mile per Dollar
287,204,040	$282,691.41	1,015	285,259,627	$555,003.96	513.9

ILLINOIS CENTRAL RAILROAD CO.

ENTIRE LINE			SOUTH OF CAIRO		
Tons Moved One Mile	Amount Paid for Fuel	Tons Moved One Mile per Dollar	Tons Moved One Mile	Amount Paid for Fuel	Tons Moved One Mile per Dollar
6,592,022,619	$3,845,718.00	1,714	2,619,749,986	$1,486,979.00	1,761

From statistical records of railroad companies.

HINCKLEY, EXHIBIT 5.

TONS OF FREIGHT MOVED ONE MILE PER DOLLAR PAID FOR FUEL, YEARS ENDING JUNE 30, 1898 TO 1907, INCLUSIVE.

	1898 Tons	1899 Tons	1900 Tons	1901 Tons	1902 Tons	1903 Tons	1904 Tons	1905 Tons	1906 Tons	1907 Tons
Northern Pacific Ry. Co	1590	1725	1909	1409	1416	1292	1181	1205	1148	922
Great Northern Ry. Co	1047	1022	909	761	888	1047	909	1205	1209	1029
Chicago, Burlington & Quincy Ry. Co	1277	1294	1281	1119	1157	1181	1035	1154	1224	1341
Oregon Railroad & Nav. Co	717	693	753	674	737	732	703	742	705	591
Illinois Central R. R. Co., entire line	2275	.....	.....	1838	1839	1815	1525	1357	1827	1714
Illinois Central R. R. Co., south of Cairo	.....	.....	.....	2015	2008	2016	1546	1697	1909	1761

From reports to I. C. C.

HINCKLEY, EXHIBIT 6.

TONS OF FREIGHT MOVED ONE MILE PER DOLLAR PAID FOR MAINTENANCE OF WAY, YEARS ENDING JUNE 30, 1898 TO 1907, INCLUSIVE.

	1898 Tons	1899 Tons	1900 Tons	1901 Tons	1902 Tons	1903 Tons	1904 Tons	1905 Tons	1906 Tons	1907 Tons
Northern Pacific Ry. Co	515	515	452	464	487	542	562	602	706	607
Great Northern Ry. Co	632	552	488	482	606	722	603	756	781	677
Chicago, Burlington & Quincy Ry. Co	563	527	461	454	523	555	536	613	594	513
Oregon Railroad & Navigation Co	298	272	446	430	463	572	470	466	484	382
Illinois Central R. R. Co., entire line	630	.....	.....	684	787	878	922	915	912	965
Illinois Central R. R. Co., south of Cairo	.....	.....	.....	850	867	981	1065	822	759	830

From reports to I. C. C.

Cross-Examination.

This statement showing the cost of moving a loaded freight car is intended to show only relatively the approximate cost of moving a loaded freight car. It includes the passenger expense. Moving empty cars is about the expense of loaded cars. Moving company freight is an expense upon the commercial business. This table, intended to show the freight car movement one mile and its cost, is a division of the mileage of the loaded freight cars into all the expenses of the road. That shows relatively the cost of moving that freight car one mile between the different roads. That is the same computation with each road. I did not adopt any method of segregating passenger earnings and passenger costs from freight earnings and freight costs. I acted on the presumption that on each road the passenger cost and freight cost would bear a certain relation to each other. I did not endeavor to segregate the passenger cost, presuming that relation to be fixed, but treating everything as if it were really freight cost, I found the relative cost on the several roads was as my figures indicate. If I had adopted a certain percentage for passenger cost and subtracted it, my figures would then have borne about the same relation. So this shows relative cost on these various roads.

W. J. BUCKER (Record page 1724), testified as follows:

I reside in Everett, Washington; am interested in the manufacture of lumber and timber and am in logging operations. I have lived on the Coast about twenty years, and have been interested in timber and logging practically ever since I have been there. I first engaged in the lumber business three years ago at Lake Stevens, or Hartford, on the Northern Pacific, about eight miles east of Everett. That place is not on tide water. There are no other railroads in there except the Northern Pacific.

We own our own timber. The timber that we have manufactured in the last two years we have bought within the last three years. It is largely merchantable No. 2 timber, that is the logs. The most of this is logged into Lake Stevens, a lake about two miles square. The timber that we have manufactured has been logged into that lake. Our mill is situated near the lake, and our timber is adjacent to the lake. We

bought most of it in the last two years. We bought most of it by the acre. Generally I had the timber estimated before I bought the land. In my case, the estimate was as near as I could get it. We estimate generally the standing timber down to about 16 or 18 inches in diameter. We took into consideration the hemlock. You cannot tell until the timber is cut very closely what there is on a piece of land. If you cut it very close, it is surprising the amount of timber—for instance, I bought within 18 months 160 acres of timber land that I estimated had 6,000,000 feet of timber on it, and the seller estimated it had 8,000,000 feet. We compromised on 8,000,000. We have cut enough of that to know that it will cut 12,000,000. But we paid the man at the rate of $1.00 a thousand for it on his estimate. In another case, we bought 325 acres of land. I thought that it would cut probably 6,000,000 or 7,000,000. There was much down timber, especially cedar, and I paid $6,100. We have cut off 13,000,000 feet and there are 2,000,000 or 3,000,000 feet more on it, and we have sold the land since then, reserving the timber, for a little over $10,000. That timber did not cost us very much per thousand. We have men that are associated with us in logging. We usually advance the funds to pay for their logging equipment, and then we make a contract with them to deliver the logs into the water. We have a man by the name of MacDougal, who furnished his own equipment. He put in 3,000,000 feet and we paid $2.75 a thousand for it. That was in 1905.

That is where he simply reached back from the water 600 or 700 or 800 feet, and just logged the front of that timber. In that same tract we put in about 2,000,000 feet more, that cost us $3.00. Then we have contracted for the lumber that extends back a mile. We paid $4.25 for that. There are probably 10,000,000 feet of that, and that is included in this 13,00,0000 feet I spoke of. We pay the same price for logging cedar that I paid for logging fir.

And the same for logging, flooring logs, as is paid for merchantable logs. There is no difference in our contract at all.

This man that put in the logs for $2.75, I know what he made. He was a man that drank and we did not trust him in the matter of labor, so we paid all of his bills, and it took him about ninety days to put in three million feet, and we paid him, after paying all of his obligations, $1,100.00.

The logs that we have manufactured in the year 1906 did not cost us to exceed $4.00. We were only manufacturing

shingles in 1905. The logs we manufactured in 1907, I would say cost us $4.75 or $5.00. That includes stumpage. That is, stumpage that we bought three years ago. Our average cost of manufacture for the years 1906 and 1907 has been about $3.50. That is for all grades of lumber that we manufactured. We have manufactured cedar into shingles but not into lumber. We might have made a little cedar siding, but not of any consequence. We have had a dry kiln and planing mill. We put as little through the dry kilns and the planing mills as we can. We like the timber end of it better. Our cost of logs delivered in 1906 at the Pond was $4.00 and the cost of manufacture in 1906 was $3.50, not to exceed that.

The average price we received in 1906 was about $13.00. We sold our lumber generally to brokers. It all went over the central west; quite a percent of it to Cleveland; it went to Duluth and some to Buffalo. We have manufactured shingles since early in 1905 or possibly the latter part of 1904. And the business, we think, has been fairly profitable. We have owned our own cedar stumpage. It has cost us the same as for the other logs, about $4.00. We have a contract for manufacturing our shingles; for instance in 1906 we paid 60 cents a thousand for manufacturing, and this year, the coming year, our contract will be 65 cents a thousand. That is for manufacturing and delivering f. o. b. cars and keeping the mill in repair. We furnish to the contractor the use of the mill and he keeps it in repair, except the natural wear and decay. Counting in the value of the use of the mill and the cost of the logs, and the price we pay our contractor, the cost of making shingles to us in 1906 was one dollar. That includes the stumpage. In 1907 we paid five cents more for manufacturing, and our logs will be a little bit higher.

We have sold shingles since I have been in the business for $1.25, I think that is as low as we ever sold, and we have sold as high as $3.00 for Star-A. During the period that we were manufacturing, we sold our shingles generally to brokers. Of course, our lumber output we have sold to brokers, but we have some private contracts. For instance, we furnished the Carbolinium Wood Preserving Company, of Portland, 50,000 ties, and they probably had another order prior to that. That was a local order outside of brokers, and we have sold some, probably a million feet, or a couple of million feet, to contractors in Seattle and Everett.

When this old rate was put in in 1893 or 1894, I know that I bought shingles. We built the Court House in Everett, and I bought the shingles that covered that, delivered for 85 cents a thousand. They were green. They were not put through the kiln.

Those shingles were manufactured to order after I purchased them. The price of cedar logs has increased materially since 1894. In 1893 or 1894 we bought material for putting in 18 or 20 miles of blind drains that required two by twelve cedar, random lengths, on a farm that we have south of Everett. It took several hundred thousand feet of it, and we bought that material of the Northern Lumber Company at Everett for $6.50 delivered on board scows at a point three miles above the mill on the Snohomish river. During the summer of 1907 I have heard that cedar logs were about as high as $18.00 a thousand. I do not think there have been many sold for that. We get ten thousand shingles out of a thousand feet of cedar, but it makes a difference how they are manufactured.

Cross-Examination.

No man knows what his stumpage costs him until after his cut. I think it is largely guess work with the Weyerhaeuser Timber Company. I do not think they can tell within a great many hundred thousand feet on a claim, for instance. Timber is generally sold on estimates. The State of Washington sells the state timber on a cruised estimate. I presume the Continental Lumber Company made all their purchases on an estimated cruise. I do not think the purchaser knows what he is getting, that is, in thousand feet. There would be quite a difference in the matter of cutting. For instance, where the mill man owns his own timber and cuts it, it makes a great difference. The great waste in stumpage has not been in the top, it has been in the stump. We have our fallers cut close to the ground. We are operating on Lake Stevens. We have one railroad that we put in between five and six hundred tons of sixty-pound steel, running up north. This $2.75 is a tract that was being logged right on the edge of the lake. That makes a very material difference. We used one yarder in logging there. Not a road engine at all. If we had had to use a road engine it would have added considerably to the cost of logging. I do not wish the Commission to think that that was the customary price of logging

there. I think that was very low. I think a fair price for logging, say a mile from the lake, for the timber up to a mile from the lake is about $4.25, which we were paying. A mile from the place of operation is pretty close. When most of the mills are manufacturing timber it is brought in by rail quite a good many miles, or brought in by water. The tract of timber that I referred to cost a dollar on the seller's estimate, but in reality that stumpage costs us 66-2/3 cents. He believed that he was getting a dollar for his stumpage. I should think a dollar would not be an unreasonable price to pay for stumpage in that country. I think a dollar a thousand for stumpage is fairly low. I think stumpage would bring more than we paid for our stumpage, but we cut it very close. For instance, we have cut a very great many shingles out of stumps that we have cut, that were logged a great many years ago.

Our price of manufacture for the year 1906 was $3.50. Our capacity is 100,000. Our mill is a circular mill. That price includes on board the cars. We figured our stumpage for 1906 at $4.00. That included the logs. It costs us by contract 60 cents to manufacture shingles and our stumpage cost us forty cents in 1906. So our shingles cost us a dollar a thousand. We had the estimates of several manufacturers and none of them ever estimated lower than nine thousand shingles to a thousand feet of logs. In logging the timber for which we paid $2.75 a thousand for having it put into Lake Stevens, I do not think logged back further than eight hundred feet. That is a fairly level country. It makes a great deal of difference in the cost of logging as to whether the country is broken or level. There are sections of land in Washington where you can log one-quarter section probably for half of what you might another on the same section. And some you cannot log at all at this time at any profit on account of its broken condition. We have contracted at $4.25 per thousand for logging a mile or a mile and a half back from the lake, I believe.

EVERETT G. GRIGGS, being recalled, further testified as follows (Record page 1754):

I am president of the Pacific Coast Lumber Manufacturing Company. That association never gets out price lists. I can furnish our average prices for the years from 1903 to 1907 from our books, the average price at which we sold all our lumber. The average price that we are paid for our lumber clear through, and the total year's business, is always averaged, and we handle five or six different markets. We handle all grades of timber. The Puget Sound and Portland people handle different markets than we do, and I am not altogether familiar with what their prices are. I think the range of prices at Portland on common lumber has been a little higher in a good many instnaces than the range of common lumber at Tacoma, depending on local conditions and the U. P. connection there. I presume in the export market we compete with Portland.

JOHN A. REA, a witness for defendant, testified as follows (Record page 1764):

I reside at Tacoma, Washington, I have lived there and in Olympia about seventeen years. I am in the general realty business, mortgages and bonds. I have dealt in timber lands since 1890 all through the center of Western Washington, from the Cascades to the Coast.

My operations have extended down into Cowlitz County, Pacific County, practically to the Columbia river, and north up to what I think is called the Skagit line in Skagit County. My operations have extended over the territory occupied by the Southwest Lumber Manufacturers' Association.

In 1890 and 1891, there was more or less timber buying and selling associated with what we called the big land and lot boom, at that time. From 1891 down to 1897 practically nothing was doing. In 1897 I noticed a little buying, at very low figures, about the time of the Alaska boom, or the Alaska gold discoveries. Then a little in 1898, 1899, 1900, 1902 and 1903, but no marked advance in stumpage or acreage until 1905 and 1906, culminating in 1907, and practically little or nothing doing now. There was a great deal of Government land taken up all through there, during that period down to

1900 or later, two or three years, at $2.50 an acre, probably a dollar an acre more would cover all expenses, or a total of three dollars and fifty cents. You could sell claims for six, seven, eight, nine and ten dollars an acre even as late as 1904. Since 1904 the prices have advanced. I will illustrate it by the sales of the State of Washington for one year at auction down to September 1, 1907, wherein they sold timber, 19,081 acres of state land for the total sum of $357,000 or an average of $18.72 per acre. The State of Washington always gets the best prices, as a rule, because the land is sold at auction and sold to users and not to speculators, and for spot cash. That is down to September of this year, at the very best market, and scattered all over the State of Washington wherever the user wanted to use some timber. They are right up against it, and it has to be removed within three to five years. This was down to September 1, 1907, part of 1906 and part of 1907. Since September 1st the market has fallen off. The state cruises the land, at least they have professional cruisers that go on the land for a day and a half or two days and turn in a report to the state. The state then puts a value on the timber and then it is put up at auction, and it is immaterial what the value is, because it goes to the highest bidder. At $18 an acre, you can see what the price of 160 acres would be.

The Weyerhaeuser Timber Company is the largest holder of timber in the State of Washington. The Weyerhaeuser Timber Company on the first day of this year owned 1,400,000 acres and a little more. Mr. Long showed me a statement showing that he had a little better than 1,400,000 acres in the two states. He did not segregate it because I did not ask him. I said, "Did you buy any timber last year " He said, "I sold more than I bought. I sold 44,000 acres." So they approximately have less now probably than 1,400,000. I divided that and made 1,200,000 acres in the State of Washington, and apportioned it for twelve counties; and if I counted the townships correctly it would be about one-seventh of the timber in those townships. Theirs is the largest concentration. I can illustrate that again by our own County of Pierce, where I know more about it, where I know it specifically. Tacoma is the capital. In the County of Pierce they own 108,000 acres, which would be approximately five townships, out of forty townships or more, as this map will show. Also in that county, according to the assessors' return, the

St. Paul mill has 69,000 acres. The Griggs mill, yes. The Far West Lumber Company owns about 7,000 acres. The Tidewater Lumber Company, Mr. Royse told me he had 400,000,000 feet, whatever that means, and the White River Lumber Company about 5,000 acres. Nearly all our large mills there have their own stumpage. I think the Tacoma mill has its stumpafe. Mr. Vilas of Wisconsin, ex-Senator Vilas, has 7,788 acres in that county, that his buyer told me probably did not cost them to exceed ten or under consideration—the West Side Lumber Company of Olympia.

Every man who buys timber on an estimate thinks that it will overrun when he cuts it. In other words, if they have a six million claim it will cut probably eight millions. That is universally understood. I sold timber to the Continental Timber Company in half a dozen different counties. It was generally known through the real estate dealers that they were in the market for timber, and we guessed that it was probably on the surveyed route of the Milwaukee road in several instances. They paid four, five and six thousand dollars for quarter sections. Mr. Hunter went into a tract of several thousand acres and spent a day or two there, came out and said he was satisfied and took it. It was a competitive race for the timber. He paid from ten dollars up to twenty-five dollars an acre. This Mr. Hunter is an inside man of the Chicago, Milwaukee & St. Paul Railway Company. The State of Washington sells its timber for cash, and reserves the land. The land is of no value. The policy of the state has been only to sell to actual consumers, and a number of statutes have been passed requiring the removal of the timber within from three to five years.

Cross-Examination.

I do not know of my own personal knowledge whether the statements that I have made of the purchase of 19,000 acres at $18.22 an acre is correct or not. It costs a great deal of money to make an examination of timber lands. It costs one or two hundred dollars to examine a quarter section if it is done right. They very frequently take it up on a very slight cruise. To inspect a quarter section, that is forty miles from a railroad would take as much as ten days' time if it was done right. My experience is that it is never done on that basis

at all. It is very seldom that they have gone into details. Generally there is not over a two days' cruise.

The Continental Timber Company bought all over the state everywhere.

W. G. JOHNSON, witness for defendants, testified as follows (Record page 1788):

I am assistant comptroller of the Northern Pacific, and have prepared statements showing the expense of operation of the Northern Pacific Railway Company. My first statement is a statement of the cost of maintaining way and structures for the fiscal years for 1898 to 1907. The average price of rails in 1898 was $19.11, and in 1907, $29.49, an increase of $10.38 or 34 per cent. That statement shows that the percentage of maintenance of way and structures in 1907 was practically the same as it was in 1898.

(Said statement was offered and received in evidence, and marked "Johnson Exhibit No. 1.") (Record page 1778.)

JOHNSON, EXHIBIT 1.

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING RATIO OF MAINTENANCE OF WAY AND STRUCTURES TO EARNINGS FOR THE FISCAL YEARS 1898 TO 1907; ALSO AVERAGE DAILY WAGE, THE AVERAGE PRICE OF RAILS, THE AVERAGE PRICE OF FIR TIES AND AVERAGE PRICE OF ALL TIES FOR THE SAME YEARS; ALSO THE RATIO OF GENERAL EXPENSES TO EARNINGS FOR THE SAME YEARS.

Note.—All data herein given is taken from reports to the Interstate Commerce Commission.

FISCAL YEAR	MAINTENANCE OF WAY AND STRUCTURES					GENERAL EXPENSES
	Percentage of Earnings	Average Daily Wage	Average Price of Rails per Ton	Average Price of Fir Ties Cents	Average Price of All Ties Cents	Percentage of Earnings
1898	13.26	$1.57	$19.11	22.3	23.5	2.81
1899	13.63	1.58	19.19	22.	24.7	3.18
1900	16.25	1.61	20.63	26.1	26.8	2.58
1901	16.13	1.63	31.50	26.3	28.9	2.68
1902	16.36	1.67	27.84	26.4	29.7	2.36
1903	15.24	1.73	29.54	28.8	32	1.90
1904	14.05	1.71	29.28	29.8	32.9	2.10
1905	14.26	1.64	29.27	28.2	30.5	2.04
1906	12.15	1.67	29.26	28	30.5	1.67
1907	13.25	1.84	29.49	38.3	43	1.56
1907 compared with 1898:						
Increase	.....	.27	$10.38	16.	19.5	.....
	.....	17.20%	54.32%	71.75%	82.98%	.....
Decrease	0.01%	.....	.....	.....	.....	1.25%

I have also made a statement combining the cost of conducting transportation and maintenance of equipment for the same years, that is from 1898 to 1907, which shows that the increase in the average daily wage of maintenance and equipment men was 16.34 per cent., and conducting transportation employees 17.67 per cent. The price of coal increased 38.15 per cent.; and that the percentage of conducting transportation and maintenance of equipment of gross earnings increased 9.39. So that was true with reference to the first statement is substantially true with reference to this statement as to the company overcoming the increased expense.

(Statement offered and received in evidence, and marked "Johnson Exhibit No. 2.") (Record 1791.)

JOHNSON, EXHIBIT 2.

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING RATIO OF CONDUCTING TRANSPORTATION AND MAINTENANCE OF EQUIPMENT FOR THE FISCAL YEARS 1898 TO 1907; ALSO THE AVERAGE DAILY WAGE PAID MEN IN THOSE DEPARTMENTS, AND THE AVERAGE PRICE OF COAL.

Note.—All data herein given is taken from reports to the Interstate Commerce Commission.

FISCAL YEAR.	CONDUCTING TRANSPORTATION AND MAINTENANCE OF EQUIPMENT.			
	Percentage of Earnings.	Average Daily Wage.		Price of Coal Per Ton.
		Maintenance of Equipment.	Conducting Transportation.	
1898	30.74	$2.02	$ 2.35	$1.73
1899	30.57	2.05	2.40	1.63
1900	29.09	2.10	2.39	1.60
1901	32.28	2.07	2.39	1.86
1902	32.75	2.05	2.42	1.86
1903	35.02	2.24	2.57	1.86
1904	36.11	2.41	2.68	1.92
1905	36.65	2.33	2.67	2.10
1906	36.94	2.30	2.68	2.08
1907	40.13	2.35	2.77	2.39

1907 compared with 1898: Increase, percentage of earnings, 9.39 per cent; average daily wage maintenance of equipment, 33c., 16.34 per cent.; average daily wage conducting transportation, 42c., 17.87 per cent.; price of coal, per ton, 66c., 38.15 per cent.

I have prepared a statement showing the changes in freight cars or freight train cars, and also in locomotives, for the same period. The increase in the number of freight cars owned has been 129 per cent., and the increase in the capacity of those cars has been 256 per cent. The capacity per car has increased 55.6 per cent. In locomotives, the increase in engines owned has been 713, or 131½ per cent. Weight on drivers has increased practically 269 per cent., and the average weight on drivers has increased nearly 60 per cent.

(Statement offered and received in evidence, and marked "Johnson Exhibit No. 3.") (Record page 1791.)

JOHNSON, EXHIBIT 3.

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING CHANGES IN FREIGHT CARS AND LOCOMOTIVES, 1898 TO 1907.

FISCAL YEAR.	CHANGES IN FREIGHT CARS.		
	Number of Cars. Owned.	Total Capacity In Tons.	Average Capacity Per Car in Tons.
1898	18,477	399,176	21.6
1899	20,583	483,588	23.5
1900	21,414	526,042	24.6
1901	26,704	693,149	26.0
1902	30,961	848,881	27.4
1903	32,057	905,045	28.2
1904	32,258	918,155	28.5
1905	35,135	1,050,244	29.9
1906	36,097	1,131,632	31.3
1907	42,320	1,422,503	33.6

Increase 1907 over 1898: Number of cars owned, 23,843, 129 per cent; total capacity in tons, 1,023,327, 256.36 per cent; average capacity per car, in tons, 12.0, 55.6 per cent.

FISCAL YEAR.	CHANGES IN LOCOMOTIVES.		
	Number of Locomotives Owned.	Weight on Drivers Pounds.	Average Weight on Drivers per Engine Pounds.
1898	542	44,432,965	81,980
1899	570	48,683,465	85,410
1900	594	52,596,575	88,546
1901	704	64,195,325	91,186
1902	796	78,320,775	98,393
1903	902	94,690,823	104,979
1904	913	95,838,923	104,971
1905	915	106,619,073	116,524
1906	1,005	122,341,073	121,732
1907	1,255	163,924,173	130,617

Increase 1907 over 1898: Number of locomotives owned, 713, 131.5 per cent; weight on drivers, pounds, 119,491,208, 268.92 per cent; average weight on drivers per engine, pounds, 48,637, 59.37 per cent.

I have also prepared a statement showing the items of expense involved in what may be termed yard service, train service and engine service—practically the movement of the business over the road, and composed of the wages of engine men, round house men, fuel for engines, water for engines, other supplies for engines, train service or the wages of trainmen, train supplies and expenses, and wages of switchmen, flagmen and watchmen, or yardmen, as they are sometimes termed. The cost per dollar of earnings in 1898 was 14½ cents, in round figures. In 1907 it has increased to 21½ cents in round figures. That is an increase of nearly 48 per cent.

(The statement referred to was offered and received in evidence, and marked "Johnson Exhibit No. 4.") (Record page 1793.)

JOHNSON, EXHIBIT 4.

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING EXPENSES DIRECTLY INCIDENT TO THE COST OF MOVING BUSINESS

ENGINEMEN AND ROUNDHOUSEMEN,
FUEL FOR LOCOMOTIVES,
WATER FOR LOCOMOTIVES,
OIL, TALLOW AND WASTE FOR LOCOMOTIVES,
OTHER SUPPLIES FOR LOCOMOTIVES,
TRAIN SERVICE,
TRAIN SUPPLIES AND EXPENSES,
SWITCHMEN, FLAGMEN AND WATCHMEN,
WITH EARNINGS AND COST PER DOLLAR OF EARNINGS FOR SUCH EXPENSES, FISCAL YEAR ENDING JUNE 30, 1898 TO 1907.

Data taken from reports to Interstate Commerce Commission.

YEAR.	Passenger, Freight and Switching Earnings.	Expenses Referred to in Caption.	Cost Per Dollar of Earnings. Cents.
1898	$23,244,034.48	$ 3,37[illegible],201.45	14.52
1899	25,590,272.94	3,723,509.60	14.55
1900	29,483,844.18	3,896,780.62	13.22
1901	31,950,230.45	5,090,041.32	15.93
1902	40,755,360.95	6,635,334.58	16.28
1903	45,433,156.92	8,150,535.11	17.94
1904	45,779,411.97	8,363,935.57	18.27
1905	49,934,948.56	9,146,558.60	18.32
1906	60,220,341.49	11,340,347.90	18.83
1907	67,525,507.41	14,481,580.27	21.45

Increase in 1907 over 1898: Cost per dollar of earnings, 6.93 cents, equal to 47.73 per cent.

I have also a statement here showing the ratio of all operating expenses to gross earnings for the same period of years, showing increases between 1898 and 1907 of 8.13 per cent. Applying the rule recently declared by the Commission as to the charging of operating expenses and depreciation of equipment, that shows that all operating expenses and depreciation of equipment and taxes were, in 1898, 52.37 per cent. of the gross earnings, and in 1907 the same cost was 61.39 per cent., an increase of a little over 9 per cent.

(The statement referred to was offered and received in evidence, and marked "Johnson Exhibit No. 5.") (Record page 1793.)

JOHNSON EXHIBIT 5.

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING RATIO OF ALL OPERATING EXPENSES TO EARNINGS FOR THE FISCAL YEARS 1898 TO 1907. ALSO THE REVENUE PER TON PER MILE, THE RATIO OF FOREST PRODUCT TONNAGE MOVED FOR THE SAME YEARS. ALSO STATEMENT SHOWING EFFECT OF INCLUDING WITH THE OPERATING EXPENSES THE TAXES AND DEPRECIATION OF EQUIPMENT APPLICABLE UNDER THE PRESENT RULES OF THE INTERSTATE COMMERCE COMMISSION FOR THE FISCAL YEARS 1898 AND 1907, RESPECTIVELY.

Fiscal Year.	All Operating Expenses Ratio of earnings.	Revenue per ton per mile. Cents.	Ratio of tons of lumber and other forest products carried to all tons of freight carried.
1898	46.81%	1.065	26.14%
1899	47.38	1.047	27.38
1900	47.92	0.988	31.00
1901	51.09	0.944	31.18
1902	51.47	0.900	33.34
1903	52.16	0.858	39.79
1904	52.26	0.880	39.79
1905	52.95	0.832	38.82
1906	50.76	0.828	38.82
1907	54.94	0.866	37.38
1907 compared with 1898	Inc. 8.13%	.....	11.24%
	Dec.	0.199	.....
		18.68%	

NOTE.—Data shown above taken from reports to Interstate Commerce Commission.

	1898	1907
Gross Earnings	$23,659,142.42—100%	$68,447,453.65—100%
Operating Expenses	11,074,795.02—46.81%	37,601,938.12—54.94%
Depreciation of Equipment	635,566.75— 2.68%	2,018,239.37— 2.95%
Taxes	682,800.00— 2.88%	2,398,719.00— 3.50%
Toatl Expenses, Depreciation and Taxes	$12,393,161.77—52.37%	$42,018,896.49—61.39%
Net Earnings	$11,265,980.65—47.63%	$26,428,557.16—38.61%

NOTE.—Amounts shown above for depreciation of equipment were not charged in the accounts for the respective years. They are the amounts chargeable under the Classification of Operating Expenses put in force by the Interstate Commerce Commission July 1, 1907.

I have also prepared a statement showing the tons one mile, and revenue on the shipments of lumber and shingles under the tariffs at issue. We had this specially prepared for the fiscal years ending June 30, 1904 and 1906. The statement shows that for 1904 the average revenue per ton per mile on the lumber and shingles was 5.15 mills, and on all other freight 1.017 cents, and the average on all freight was 8.8 mills.

In 1906 the average earnings per ton per mile on the lumber and singles was 4.58 mills, on all other freight 1.016 cents. The average for all business was 8.28 mills. The total revenue received from lumber covered by this tariff for 1906 was $8,058,-539.95. In 1906 all operating expenses were $31,095,432. Of tons carried in 1906 east bound, the lumber and shingles was a little over 28 per cent. That is, all eastbound lumber made up 28 per cent. of all eastbound traffic. The percentage of all lumber and forest products from Oregon and Washington in 1906 was practically 23 per cent. of the eastbound tons carried. We do not know our earnings from eastbound traffic as distinguished from our earnings from westbound traffic. In 1906 all of the lumber was 28 per cent. of all the eastbound traffic. That is, all lumber and shingles was 28 per cent. of the eastbound traffic.

(The statement referred to was offered and received in evidence, and marked "Johnson Exhibit No. 6.") (Record page 1797.)

JOHNSON, EXHIBIT 6.

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING EFFECT OF PACIFIC COAST LUMBER AND SHINGLE SHIPMENTS UNDER TARIFF AT ISSUE ON THE RATE PER TON PER MILE FOR FREIGHT, AND RATIO OF ITS EARNINGS TO OTHER EARNINGS.

Fiscal Year ending June 30, 1904.	Tons One Mile	Freight Revenue.	Rate per Ton per Mile Cents
Pacific Coast lumber and shingles under tariff at issue	1,006,564,597	$ 5,183,474.97 = 15.98%	0.515
All other freight	2,679,107,425	27,250,569.28 = 84.02%	1.017
All freight	3,685,672,022	$32,434,044.25 = 100 %	0.880
Earnings on lumber and shingles covered by tariffs at issue		$ 5,183,474.97 = 11.11%	
Earnings from all other business		41,456,821.99 = 88.89%	
Total gross earnings		$46,640,296.96 = 100 %	
Fiscal Year Ending June 30, 1906.	**Tons One Mile**	**Freight Revenue.**	**Rate per Ton per Mile Cents.**
Pacific Coast lumber and shingles under tariffs at issue	1,765,095,997	$ 8,058,539.95 = 18.55%	0.457
All other freight	3,480,164,083	35,373,241.66 = 81.45%	1.016
All freight	5,245,260,080	$43,431,781.61 = 100 %	0.828
Earnings on lumber and shingles covered by tariffs at issue		$ 8,058,539.95 = 13.18%	
Earnings from all other business		53,074,115.52 = 86.82%	
Total gross earnings		$61,132,655.47 = 100 %	

Exhibit No. 5 shows that the average revenue per ton per mile in 1898 was 1.065 cents, and that the ratio of lumber and other forest products carried to all tons of freight carried was a little over 68 per cent. By "other forest products" I mean logs, everything. There would be less of them than lumber. Our total movement in 1906 was, lumber and shingles 18.8 per cent., other forest products, 4.87 per cent.; logs, 15.14 per cent. This is based on the company's own classification and not on the Interstate Commerce Commission classification.

Commissioner Prouty: It is a fact that the percentage of logs you moved is almost as great as the percentage of lumber, so in giving these statistics you should give the lumber and shingles; not the lumber and other forest products.

Mr. Johnson: The percentage of logs is nearly as much as the lumber and shingles; yes, sir, that is true.

Mr. Kerr: We will put these figures in for what they are worth.

In 1898 the average rate per ton per mile on all freight was 1.065 cents, and that the ratio of tons of lumber and other forest products carried to all tons of freight carried—and this is on the basis of the Interstate Commerce Commission classification of tonnage—was 26.14 per cent. In 1907 the revenue per ton per mile had decreased to 8.66 mills, and the ratio of lumber and other forest products carried had increased to 37.38 per cent. of all tons carried. Logs are handled in the west and also in the east. They are handled at a comparatively low rate. I do not remember what these rates are.

From this statement it appears that there was less Pacific coast lumber transported in 1907 than in 1906. The average rate per ton per mile of earnings was greater in 1907 than in 1906. By 1907 I mean the fiscal year ending June 30, 1907.

(The statement referred to was offered and received in evidence, and marked "Johnson Exhibit No. 7.") (Record page 1801.)

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JOHNSON EXHIBI

NORTHERN PACIFIC RAILWA

STATEMENT SHOWING RATIO OF LUMBER AND SHINGLES—OTHER FOREST AND L. C. L. BUSINESS BASED ON TONS CARRIED. FISCAL

EA

Fiscal Year.	Lumber and Shingles.		Other Forest Products.		Logs.		A
	Tons	Per Cent.	Tons	Per Cent.	Tons	Per Cent.	
1904	1,400,052	21.93	330,211	5.17	1,226,286	19.21	
1905	1,652,928	25.66	260,726	4.05	928,383	14.42	
1906	2,175,364	28.06	302,410	3.91	1,232,615	15.90	
1907	2,026,379	24.49	338,138	4.09	1,380,217	16.68	
Total.....	7,254,723	25.15	1,231,485	4.27	4,767,501	16.52	1
							WE
1904	631,032	9.15	517,835	7.51	1,279,661	18.55	
1905	642,080	9.73	451,582	6.86	1,124,849	17.05	
1906	713,113	9.38	445,047	5.85	1,093,068	14.37	
1907	766,400	9.05	370,734	4.38	1,372,689	16.21	
Total.....	2,752,625	9.31	1,785,198	6.04	4,870,267	16.47	1
							EA
1904	2,031,084	15.29	848,046	6.39	2,505,947	18.86	
1905	2,295,008	17.60	712,308	5.46	2,053,232	15.76	
1906	2,888,477	18.80	747,457	4.87	2,325,683	15.14	
1907	2,792,779	16.68	708,872	4.24	2,752,906	16.44	
Total.....	10,007,348	17.13	3,016,683	5.16	9,637,768	16.50	3

Office of Auditor Freight Receipts,
St. Paul, Minn., Dec. 6, 1907.

JOHNSON EXHIBIT 7.

NORTHERN PACIFIC RAILWAY COMPANY.

TIO OF LUMBER AND SHINGLES—OTHER FOREST PRODUCTS—LOGS—ALL OTHER CARLOAD COMMODITIES, C. L. BUSINESS BASED ON TONS CARRIED. FISCAL YEARS ENDING JUNE 30, 1904 TO 1907.

EAST

	Other Forest Products.		Logs.		All Other C. L. Commodities.		L. C. L.		Total.	
er nt.	Tons	Per Cent.	Tons	Per Cent.	Tons	Per Cent.	Tons	Per Cent.	Tons	Per Cent.
.93	330,211	5.17	1,226,286	19.21	3,071,125	48.10	356,723	5.59	6,384,397	100.00
.66	260,726	4.05	928,383	14.42	3,146,140	48.85	452,361	7.02	6,440,538	100.00
.06	302,410	3.91	1,232,615	15.90	3,606,266	46.52	435,224	5.61	7,751,879	100.00
.49	338,138	4.09	1,380,217	16.68	4,096,320	49.51	433,258	5.23	8,274,312	100.00
.15	1,231,485	4.27	4,767,501	16.52	13,919,851	48.25	1,677,566	5.81	28,851,126	100.00
					WEST					
15	517,835	7.51	1,279,661	18.55	3,999,965	57.97	470,587	6.82	6,899,080	100.00
73	451,582	6.86	1,124,849	17.05	3,800,995	57.62	576,745	8.74	6,596,251	100.00
38	445,047	5.85	1,093,068	14.37	4,785,261	62.93	567,944	7.47	7,604,433	100.00
05	370,734	4.38	1,372,689	16.21	5,282,444	62.39	674,891	7.97	8,467,158	100.00
31	1,785,198	6.04	4,870,267	16.47	17,868,665	60.43	2,290,167	7.75	29,566,922	100.00
					EAST AND	WEST				
29	848,046	6.39	2,505,947	18.86	7,071,090	53.23	827,310	6.23	13,283,477	100.00
60	712,308	5.46	2,053,232	15.76	6,947,135	53.29	1,029,106	7.89	13,036,789	100.00
80	747,457	4.87	2,325,683	15.14	8,391,527	54.64	1,003,168	6.53	15,356,312	100.00
68	708,872	4.24	2,752,906	16.44	9,378,764	56.02	1,108,149	6.62	16,741,470	100.00
13	3,016,683	5.16	9,637,768	16.50	31,788,516	54.42	3,967,733	6.79	58,418,048	100.00

s,

JOHNSON, EXHIBIT 6.

For the last fiscal year less than carload shipments based on tons moved, to the whole line, was 6.62 per cent. All the other was carload business, over 93 per cent.

I have prepared a statement taken from the Interstate Commerce Commission reports for the fiscal years 1890 to 1907, inclusive, showing the loaded car mileage and the empty car mileage, with the predenomination eastbound or westbound. That statement shows that the empty car mileage predominated eastbound in 1890 to the extent of 161 per cent.; and that in 1906 the predomination was westbound to the extent of 219.6 per cent. That is that the westbound empty car mileage was in excess of the eastbound by 219 per cent. on the whole system. In 1907 that predomination dropped back to 52 per cent., or a little over.

In 1907 we carried a large amount of material for the construction of the Chicago, Milwaukee & St. Paul Railway Company and for the Portland and Seattle Railway Company, all westbound. The revenue earned from that was in 1907 $273,-264.63, and in 1907 was $1,353,658. That was for the same period shown in our car statement.

(The car statement was offered and received in evidence and marked "Johnson Exhibit No. 8." Record page 1803.)

JONHS

NORTHERN PA

STATEMENT SHOWING LOADED AND EMPTY CAR MILE

Fiscal Year Ending June 30th.	LOADED CAR MILEAGE		PREDOMINATION.			
	East-bound.	West-bound.	East-Bound.	Per Cent.	West-bound.	
1890	47,198,996	74,209,976	.....	.....	27,010,980	
1891	57,578,886	72,626,778	.....	.....	15,047,892	
1892	63,847,357	62,149,524	1,697,833	2.73	.....	
1893	74,339,224	62,590,243	11,748,981	18.77	.....	
1894	61,364,668	46,260,184	15,104,484	32.65	.....	
1895	67,943,018	48,345,997	19,597,021	40.53	.....	
1896	71,909,890	51,432,564	20,477,326	39.81	.....	
1897	62,656,988	54,377,681	8,279,307	15.23	.....	
1898	67,337,347	65,192,532	2,144,815	3.29	.....	
1899	75,641,914	71,225,069	4,416,845	6.20	.....	
1900	90,242,706	74,071,846	16,170,860	21.83	.....	
1901	88,972,713	83,534,944	5,437,769	6.51	.....	
1902	122,101,831	93,094,434	29,007,397	31.16	.....	
1903	142,554,236	97,922,160	44,632,076	45.58	.....	
1904	139,208,037	98,642,898	40,565,139	41.12	.....	
1905	162,935,074	107,859,996	55,075,078	51.06	.....	
1906	178,624,131	124,564,059	54,060,072	43.40	.....	
1907	157,186,958	152,317,801	4,869,157	3.20	.....	

St. Paul, Minn., Dec. 2, 1907.

JONHSON, EXHIBIT 8.

NORTHERN PACIFIC RAILWAY COMPANY.

SHOWING LOADED AND EMPTY CAR MILEAGE, EAST-BOUND AND WEST-BOUND, FOR THE WHOLE ROAD.

PREDOMINATION.				EMPTY CAR MILEAGE		PREDOMINATION.			
-Bound.	Per Cent.	West-bound.	Per Cent.	East-bound.	West-bound.	East-bound.	Per Cent.	West-bound.	Per Cent.
.....	.....	27,010,980	57.23	36,507,540	13,987,279	22,529,261	161.17	.....	.....
.....	.....	15,047,892	26.13	28,715,112	16,670,033	12,045,079	72.17	.....	.....
97,833	2.73	.....	.....	23,721,266	22,731,979	989,287	4.35	.....	.....
48,981	18.77	.....	.....	18,570,693	31,914,808	.....	.....	13,344,115	71.86
04,484	32.65	.....	.....	12,989,833	30,051,633	.....	.....	17,061,800	131.35
97,021	40.53	.....	.....	12,544,972	33,114,917	.....	.....	20,569,945	163.97
77,326	39.81	.....	.....	12,980,785	33,442,681	.....	.....	20,461,896	157.63
79,307	15.23	.....	.....	16,052,552	27,243,388	.....	.....	11,150,836	69.47
44,815	3.29	.....	.....	21,858,695	26,396,253	.....	.....	4,537,558	20.76
16,845	6.20	.....	.....	22,000,645	28,406,598	.....	.....	6,405,953	29.12
70,860	21.83	.....	.....	21,056,952	40,429,499	.....	.....	19,372,547	92.00
37,769	6.51	.....	.....	28,219,290	35,554,145	.....	.....	7,334,855	25.99
07,397	31.16	.....	.....	24,394,767	56,610,681	.....	.....	32,215,914	132.06
32,076	45.58	.....	.....	25,639,766	73,737,167	.....	.....	48,097,401	187.59
65,139	41.12	.....	.....	27,049,480	71,527,820	.....	.....	44,478,340	164.43
75,078	51.06	.....	.....	26,435,392	85,618,812	.....	.....	59,183,420	223.88
60,072	43.40	.....	.....	26,732,519	85,437,636	.....	.....	58,705,117	219.60
69,157	3.20	.....	.....	32,772,942	49,941,843	.....	.....	17,168,901	52.39

I have prepared a statement showing the empty car movement in Montana and Idaho, which shows that the empty car mileage predominated eastbound in 1890 to the extent of 158 per cent., and that it predominated westbound in 1906 to the extent of 853.7 per cent., and fell back in 1907 to 253.8 per cent. We have not got the movement in cars. It is expressed here in miles, though.

(The statement was received in evidence and marked "Johnson Exhibit No. 9." Record page 1804.)

JOHNSON, EXHIBIT 9.

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING REVENUE TON-MILEAGE IN MONTANA AND IDAHO.

Fiscal Year Ending June 30.	East-bound.	West-bound.	PREDOMINATION.			
			East-bound.	Per Cent.	West-bound.	Per Cent.
1890	119,188,084	269,358,779	.....	.....	150,170,695	126.0
1891	203,735,208	233,559,124	.....	.....	29,823,916	14.6
1892	165,014,935	173,213,291	.....	.....	8,198,356	5.0
1893	252,979,001	165,553,424	87,243,577	52.7	.....	.....
1894	201,047,400	101,192,834	99,854,566	98.7	.....	.....
1895	236,814,691	108,199,831	128,614,860	118.9	.....	.....
1896	250,280,436	117,978,496	132,301,940	112.1	.....	.....
1897	229,782,042	141,046,189	88,735,853	62.9	.....	.....
1898	295,308,577	217,938,932	77,369,645	35.5	.....	.....
1899	331,320,695	240,001,049	91,319,646	38.0	.....	.....
1900	460,288,083	272,793,205	187,494,878	68.7	.....	.....
1901	485,932,055	326,025,017	159,907,038	49.0	.....	.....
1902	668,225,561	334,688,646	333,536,915	99.6	.....	.....
1903	817,355,992	378,720,009	438,635,983	115.8	.....	.....
1904	859,059,885	387,653,261	471,406,624	121.6	.....	.....
1905	1,176,383,063	459,434,147	716,948,916	156.0	.....	.....
1906	1,339,741,529	569,817,972	769,923,557	135.1	.....	.....
1907	1,214,874,855	794,396,012	420,478,843	52.9	.....	.....
	9,307,150,092	5,291,570,218	4,203,772,841		188,192,967	

St. Paul, Minn., Nov. 6, 1907.

I have a statement showing the tons of all lumber carried and the relation of the revenue from that source to all other freight. The statement shows the tons of lumber and other forest products carried and the revenue on the same for the fiscal year ending June 30, 1906, showing the business that originated in Oregon and Washington and all other states, and all freight carried. The lumber revenue from other states was 7.07 per cent. That is of all freight carried.

(The statement referred to was received in evidence, and marked "Johnson Exhibit No. 10." Record page 1805.)

JOHNSON EXHIBIT 10.

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING TONS AND TON MILES OF LUMBER AND OTHER FOREST PRODUCTS CARRIED, AND REVENUE ON SAME, ALSO ENTIRE GROSS EARNINGS, FOR FISCAL YEAR ENDING JUNE 30, 1906.

	Tons	Per Cent	Ton Miles	Per Cent	Revenue	Per Cent
Oregon and Washington	3,524,552	22.95	1,999,109,184	38.11	$9,923,487.04	22.85
All other States	2,437,065	15.87	383,712,657	7.32	3,071,710.24	7.07
	5,961,617	38.82	2,382,821,841	45.43	12,995,197.28	29.92
All Other Freight Carried	9,394,695	61.18	2,862,438,239	54.57	30,436,584.33	70.08
All Freight Carried	15,356,312	100.	5,245,260,080	100.	$43,431,781.61	100.

Total Gross Earnings $61,132,655.47

Earnings on Lumber and Other Forest Products ..... $12,995,197.28 or 21.26%

That same statement shows that the percentage of revenue from lumber and other forest products for 1906, for the whole road, was 21.26 per cent. of the total gross earnings of the system.

Commissioner Prouty: You show in this statement that the number of tons originating in Oregon and Washington is three and a half million, which is 22.95 per cent. of your entire tonnage.

Mr. Johnson: Tons moved.

Commissioner Prouty: You show the revenues from that to be 22.85 per cent., but of course you have given here simply tons moved. You have not given the ton miles.

Mr. Johnson: There is another statement that has the ton miles.

Commissioner Prouty: This would show you are getting as much from your lumber as you are getting from anything else.

Mr. Kerr: That is very true, but the revenue per ton per mile on lumber is about four and a half as against eleven on the other.

Commissioner Prouty: In that you apparently include these logs. It appears that the logs make up about as much tonnage as the lumber. I do not know how it is out in Washington, but usually those logs are at an extremely low rate.

I have separated the logs from the lumber. I have shown there the ton miles and revenue from lumber and shingles under the tariffs at issue, and the average rate per ton mile received by the company. My Exhibit No. 4 shows the rate per ton per mile on lumber and shingles under the tariff under consideration for the year 1904. That amounts to 5.15 mills, and the revenue from the same traffic per ton per mile is 4.57 mills for 1906. My statement shows the number of tons of lumber and shingles under the present tariff moved one mile, and the amount of all other freight moved one mile, and a comparison of the earnings of the two sources. The tons one mile in the fiscal year ending June 30, 1904, of lumber and shingles, under these tariffs at issue, was 1,600,564,597, or 27.31 per cent. of all ton mileage. The revenue represented slightly less than 16 per cent. of all the freight revenue.

JOHNSON, EXHIBIT 11.

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING TON MILEAGE OF LUMBER AND SHINGLES FROM OREGON AND WASHINGTON UNDER TARIFFS AT ISSUE, AND ALL OTHER REVENUE FREIGHT HAULED, FISCAL YEARS ENDING JUNE 30, 1898, 1904 AND 1906, WITH PERCENTAGES, FURNISHED IN COMPLIANCE WITH ORDER OF THE INTERSTATE COMMERCE COMMISSION.

TESTIMONY OF W. G. JOHNSON.
Page 1808.

	Intrastate Freight	Interstate Freight.	Ratio Between Lumber, Shingles, and Other Freight.	Ratio Between East-bound and West-bound.	All Revenue Freight.	Ratio Between East-bound and West-bound.
Fiscal Year Ending June 30, 1898:						
Eastbound lumber and shingles (estimated)	.....	315,734,174	42.12	25.16	315,734,174	19.51
East-bound other freight	125,908,593	433,926,615	57.88	34.58	559,835,208	34.60
East-bound all freight	125,908,593	749,660,789	.....	59.74	875,569,382	54.11
West-bound all freight	237,346,443	505,254,459	.....	40.26	742,600,902	45.89
East and West-bound, all freight	363,255,036	1,254,915,248	.....	100.00	1,618,170,284	100.00
Fiscal Year Ending June 30, 1904:						
East-bound lumber and shingles	.....	1,006,564,597	52.61	35.38	1,006,564,597	27.31
East-bound other freight	371,267,390	906,649,395	47.39	31.87	1,277,916,785	34.67
East-bound all freight	371,267,390	1,913,213,992	.....	67.25	2,284,481,382	61.98
West-bound all freight	469,481,079	931,709,561	.....	32.75	1,401,190,640	38.02
East and West-bound, all freight	840,748,469	2,844,923,553	.....	100.00	3,685,672,022	100.00
Fiscal Year Ending June 30, 1906:						
East-bound lumber and shingles	.....	1,765,095,997	59.37	40.74	1,765,095,997	33.65
East-bound other freight	376,128,272	1,207,752,560	40.63	27.87	1,583,880,832	30.20
East-bound all freight	376 128,272	2,972,848,557	.....	68.61	3,348,976,829	63.85
West-bound all freight	536,332,634	1,359,950,167	.....	31.39	1,896,283,251	36.15
East and West-bound, all freight	912,460,906	4,332,799,174	.....	100.00	5,245,260,080	100.00

St. Paul, Minn., Dec. 28, 1907.

Cross Examination.

I did some work on the tables prepared in the hearing before the State Commission in Minnesota in the recent cases up there. There were a lot of commodity rates involved in that controversy. The comparison I have made here on this case is a comparison that includes the cost of moving all this local traffic through warehouses; the cost for doing all business, and the cost of doing local business and less than carload business is very much greater than the cost of other business. I cannot tell what it costs us to move freight per ton per mile on our road. I can tell you the general average.

These figures are taken from the reports to the Commission. I do not know of any reason for the empty car movement through Montana other than to go west for lumber. I believe there is some ore moved in there. I cannot explain entirely what the cause of the empty car movement is. I do not include in operating expenses permanent improvements and betterments. The annual reports show that appropriations were made for improvements. I am perfectly clear that we do not include those in our statement of operating expenses. We know what the total ton mileage of the line is and the total revenue. The revenue divided by the total ton mileage gives you the average rate per ton per mile for all commodities. On the same principle, we work out the ton mileage of the lumber and the shingles under these tariffs from our records. We divided the ton miles into the revenue and got the average rate per ton mile received for the business.

The only explanation of the fact that the rate per ton mile on lumber and forest products was less in 1906 than it was in 1904 is either that the ratio of shingle shipments changed, or else the average haul charged—lengthened.

J. G. WOODWORTH (Record page 1818) testified as follows:

I am traffic manager of the Northern Pacific Railway Company. I have been with the Northern Pacific Company three years. I have been connected with one or another of the different railroads in this case for the last twenty years. At the time of the putting into effect of the so-called 40-cent rate I was assistant general freight agent of the Union Pacific, located

at Omaha, and I knew in a general way of the facts and conditions as they have been stated here.

The instructions to prepare the tariffs carrying the advance in rates now complained of, were given through me to the subordinates, and I might also say that I am familiar with the reason for making the change.

I have made a table which compares rates and ton mile rates on lumber from our principal shipping points to the most important points of destination on our line between Portland and St. Paul. It shows the rates from Little Falls, Minnesota, Missoula, Sand Point, Spokane, Tacoma, South Bend and various other points on the Pacific Division to the important stations on our line between Minneapolis and Billings.

(The table was received in evidence and marked "Woodworth Exhibit No. 1." Record page 1820.)

INSON, N. D.		GLENDIVE, MONT.			BILLINGS, MONT.		
Rate in Cents		Distance.	Rate in Cents.		Distance	Rate in Cents	
Per 100 lbs.	Per Ton per Mile.		Per 100 lbs.	Per Ton per Mile.		Per 100 lbs.	Per Ton per Mile
20	.883	.....	38	1.360	.....	48	1.224
20	.883	558.5	38	1.360	784.2	48	1.224
.....	.....	.....	.....	.....	.....	.....	.....
25	.850	588.2	25	.850	362.5	20	1.103
33½	.759	.....	33	.850	.....	32	1.161
39	.883	776.8	36	.943	551.1	32	1.161
40	.841	.....	35	.828	.....	34½	1.113
40	.841	845.3	37	.875	619.6	34½	1.113
40	.594	.....	40	.644	.....	35	.689
47½	.705	1,241.0	45	.724	1,015.3	40	.787
40	.548	.....	40	.596	.....	35	.621
47½	.651	1,341.8	45	.665	1,126.1	40	.710
40	.551	.....	40	.595	.....	35	.625
47½	.654	1,344.4	45	.669	1,118.7	40	.714
40	.536	.....	40	.577	.....	35	.603
47½	.635	1,385.5	45	.649	1,159.8	40	.689
40	.529	.....	40	.568	.....	35	.592
47½	.627	1,406.5	45	.639	1,180.8	40	.676

-2560 and A-3072.

N. A-2667.

) N. P. A-3432.

FROM		MINNEAPOLIS, MINN.			FARGO, N. D.		
		Distance	Rate in Cents		Distance.	Rate in Ce	
			Per 100 lbs.	Per Ton per Mile		Per 100 lbs.	Pe
	Old rate..	.....	5	.....	.....	12½	1
Little Falls, Minn....	New rate.	96.6	5	1.035	142.6	12½	1
	Old rate..	.....	40	.643	.....	40	
Missoula, Mont.....	New rate.	1,243.3	43	.691	1,004.1	43	
	Old rate..	.....	40	.558	.....	40	
Sand Point, Idaho....	New rate.	1,431.9	45	.628	1,192.7	45	
	Old rate..	.....	40	.533	.....	40	
Spokane, Wash.....	New rate.	1,500.4	45	.600	1,261.2	45	
	Old rate..	.....	40	.422	.....	40	
Tacoma, Wash.....	New rate.	1,896.1	50	.527	1,656.9	50	
	Old rate..	.....	40	.398	.....	40	
South Bend, Wash...	New rate.	2,006.9	50	.498	1,767.7	50	
	Old rate..	.....	40	.400	.....	40	
Aberdeen, Wash.....	New rate.	1,999.5	50	.500	1,760.3	50	
	Old rate..	.....	40	.392	.....	40	
Portland, Ore.....	New rate.	2,040.6	50	.490	1,801.4	50	
	Old rate..	.....	40	.388	.....	40	
Astoria, Ore.....	New rate.	2,061.6	50	.485	1,822.4	50	

Rates named above are covered by tariffs bearing I. C. C. numbers as follows:

From Little Falls to Minneapolis, Fargo, Jamestown, Bismarck and Dick
From all above points except Little Falls to Minneapolis and Fargo, T
From Missoula to Glendive (old) A-3302, (new) 3393; and Billings No.
From Missoula to Jamestown, Bismarck and Dickinson (old), N. P. A-3
From Sand Point to Jamestown, Bismarck and Dickinson, (old) N. P. A-
From Sand Point to Glendive, (old) A-3415, (new) A-3432; Billings, (old)
From Spokane, Tacoma, South Bend, Aberdeen, Portland and Asto
From Spokane to Glendive and Billings, (old) N. P. A-3415, (new) N. P.
From Tacoma, South Bend, Aberdeen, Portland and Astoria to Glendive,

WOODWORTH, EXHIBIT 1.

Northern Pacific Railway Company.

COMPARISON OF RATES ON LUMBER EXCEPT CEDAR.

RGO, N. D.		JAMESTOWN, N. D.			BISMARCK, N. D.			DICKINSON, N. D.			GLENDIVE, MONT.			BILLINGS, MONT.		
Rate in Cents			Rate in Cents.			Rate in Cents			Rate in Cents			Rate in Cents.			Rate in Cents	
Per 100 lbs.	Per Ton per Mile.	Distance.	Per 100 lbs.	Per Ton per Mile.	Distance	Per 100 lbs.	Per Ton per Mile	Distance.	Per 100 lbs.	Per Ton per Mile.	Distance.	Per 100 lbs.	Per Ton per Mile.	Distance	Per 100 lbs.	Per Ton per Mile
12½	1.753	.....	18½	.....	.....	20	1.187	.....	20	.883	.....	38	1.360	.....	48	1.224
12½	1.753	235.4	18½	1.568	337	20	1.187	452.8	20	.883	558.5	38	1.360	784.2	48	1.224
40	.796	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
43	.856	911.3	38	.834	809.7	37	.913	693.9	25	.850	588.2	25	.850	362.5	20	1.103
40	.671	.....	35	.636	.....	34½	.691	.....	33½	.759	.....	33	.850	.....	32	1.161
45	.755	1,099.9	41	.745	998.3	41	.821	882.5	39	.883	776.8	36	.943	551.1	32	1.161
40	.626	.....	40	.684	.....	40	.749	.....	40	.841	.....	35	.828	.....	34½	1.113
45	.713	1,168.4	42	.719	1,066.8	42	.787	951.0	40	.841	845.3	37	.875	619.6	34½	1.113
40	.482	.....	40	.512	.....	40	.547	.....	40	.594	.....	40	.644	.....	35	.689
50	.602	1,564.1	48½	.621	1,462.5	48½	.663	1,346.7	47½	.705	1,241.0	45	.724	1,015.3	40	.787
40	.452	.....	40	.477	.....	40	.508	.....	40	.548	.....	40	.596	.....	35	.621
50	.565	1,674.9	48½	.578	1,573.3	48½	.616	1,457.5	47½	.651	1,341.8	45	.665	1,126.1	40	.710
40	.454	.....	40	.480	.....	40	.510	.....	40	.551	.....	40	.595	.....	35	.625
50	.568	1,667.5	48½	.582	1,565.9	48½	.618	1,450.1	47½	.654	1,344.4	45	.669	1,118.7	40	.714
40	.444	.....	40	.468	.....	40	.497	.....	40	.536	.....	40	.577	.....	35	.603
50	.555	1,708.6	48½	.567	1,607.0	48½	.603	1,491.2	47½	.635	1,385.5	45	.649	1,159.8	40	.689
40	.438	.....	40	.462	.....	40	.491	.....	40	.529	.....	40	.568	.....	35	.592
50	.547	1,729.6	48½	.560	1,628.0	48½	.595	1,512.2	47½	.627	1,406.5	45	.639	1,180.8	40	.676

as follows:

and Dickinson, N. P. A.-2076. From Little Falls to Glendive and Billings, N. P. A-2560 and A-3072
l Fargo, Transcontinental Freight Bureau (old) No. 564, (new) No. 850.
ings No. 3393 old and new.
N. P. A-3207, (new) G. N. A-2667.
) N. P. A-3415, (new) G. N. A-2667.
llings, (old) A-3402, (new) A-3432.
and Astoria to Jamestown, Bismarck and Dickinson, (old) N. P. A-3095, (new) G. N. A-2667
new) N. P. A-3432.
o Glendive, (old) N. P. A-3095, (new) N. P. A-3432; Billings, (old) N. P. B-479, (new) N. P. A-3432

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I have made a similar statement comparing the rates from our lumber shipping points in like manner to Denver, Omaha, Kansas City, St. Louis, Chicago, etc.

(The statement was received in evidence and marked "Woodworth Exhibit No. 2." Record page 1820.)

W

NORTHE

COMPARISON

FROM		DENVER, COLO.			MINNEAPOLIS, MINN.		
		Distance.	Rate in Cents		Distance.	Rate in Cents.	
			Per 100 lbs.	Per Ton per Mile.		Per 100 lbs.	Per Ton per Mile.
	Old rate..	.....	35	.677	1,243.3	40	.643
Missoula, Mont.....	New rate.	1,032.8	40	.774	1,243.3	43	.691
	Old rate..	.....	40	.655	.....	40	.558
Sand Point, Idaho....	New rate.	1,221.4	45	.737	1,431.9	45	.628
	Old rate..	.....	40	.620	.....	40	.533
Spokane, Wash.....	New rate.	1,289.9	45	.697	1,500.4	45	.600
	Old rate..	.....	40	.474	.....	40	.422
Tacoma, Wash.....	New rate.	1,685.6	50	.593	1,896.1	50	.527
	Old rate..	.....	40	.445	.....	40	.398
South Bend, Wash...	New rate.	1,796.4	50	.556	2,006.9	50	.498
	Old rate..	.....	40	.447	.....	40	.400
Aberdeen, Wash.....	New rate.	1,789.0	50	.559	1,999.5	50	.500
	Old rate..	.....	40	.437	.....	40	.392
Portland, Ore.....	New rate.	1,830.1	50	.546	2,040.6	50	.490
	Old rate..	.....	40	.432	.....	40	.388
Astoria, Ore.....	New rate.	1,851.1	50	.540	2,061.6	50	.485

Rates named above are covered by Transcontinental Freight Bureau (R. H. Countis

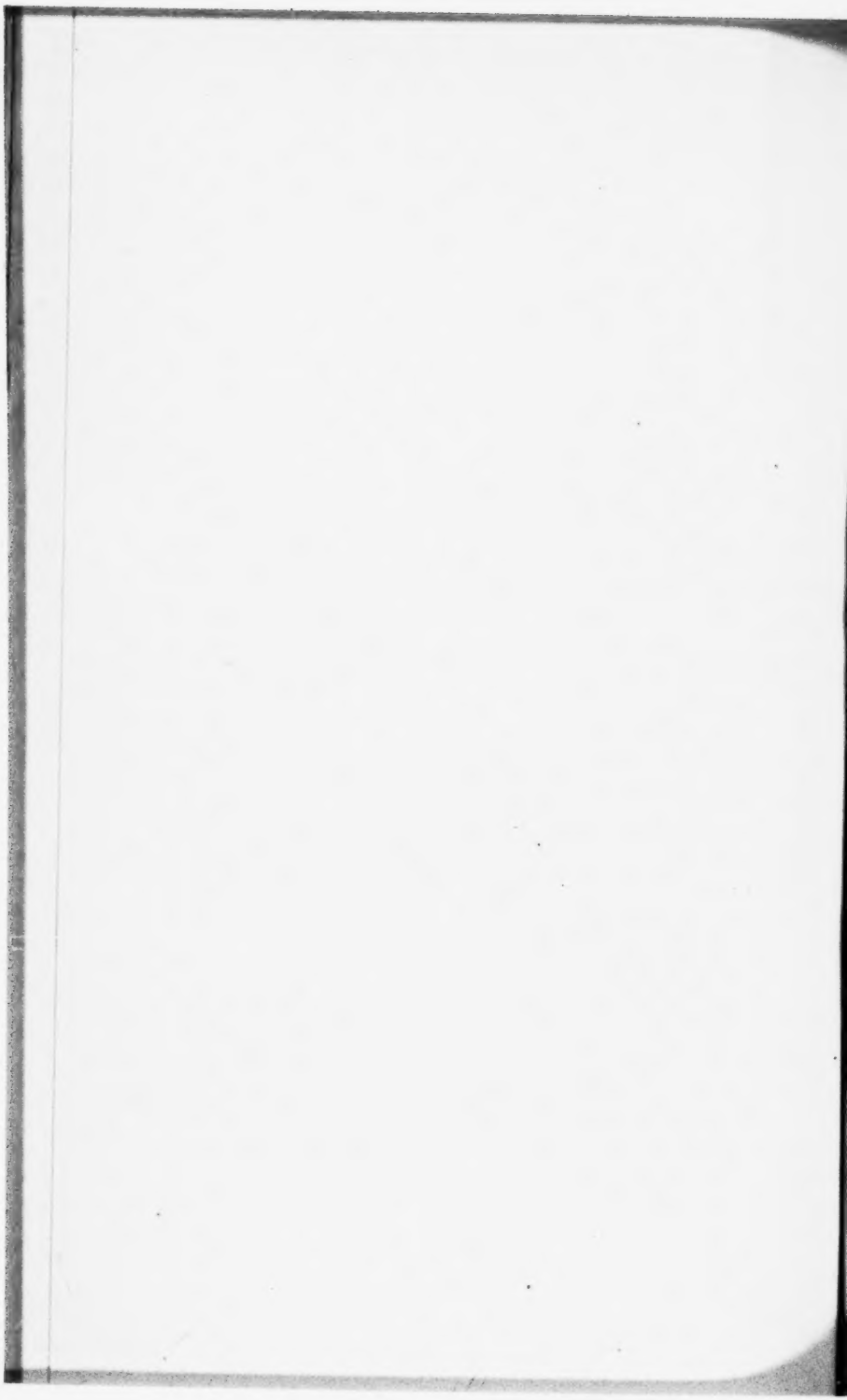
WOODWORTH, EXHIBIT 2.

NORTHERN PACIFIC RAILWAY COMPANY.

COMPARISON OF RATES ON LUMBER EXCEPT CEDAR.

MINNEAPOLIS, MINN.			OMAHA, NEB.			KANSAS CITY, MO.			ST. LOUIS, MO.			CHICAGO, ILL.		
Distance.	Rate in Cents.		Distance.	Rate in Cents.		Distance.	Rate in Cents.		Distance	Rate in Cents		Distance.	Rate in Cents	
	Per 100 lbs.	Per Ton per Mile.		Per 100 lbs.	Per Ton per Mile.		Per 100 lbs.	Per Ton per Mile.		Per 100 lbs.	Per Ton per Mile		Per 100 lbs.	Per Ton per Mile.
1,243.3	40	.643	.....	40	.637	.....	40	.567	.....	49½	.591	.....	50	.602
1,243.3	43	.691	1,255.1	43	.685	1,410.7	43	.609	1,674.7	52½	.627	1,661.8	53	.638
.....	40	.558	.....	45	.623	.....	50	.625	.....	52½	.563	.....	50	.540
1,431.9	45	.628	1,443.7	50	.692	1,599.3	50	.625	1,863.3	55	.590	1,850.4	55	.594
.....	40	.533	.....	45	.595	.....	50	.600	.....	52½	.543	.....	50	.521
1,500.4	45	.600	1,512.2	50	.661	1,668.1	50	.600	1,931.8	55	.569	1,918.9	55	.573
.....	40	.422	.....	50	.524	.....	50	.484	.....	52½	.451	.....	50	.432
1,896.1	50	.527	1,907.9	55	.576	2,063.5	55	.533	2,327.5	60	.516	2,314.6	60	.518
.....	40	.398	.....	50	.495	.....	50	.459	.....	52½	.431	.....	50	.412
2,006.9	50	.498	2,018.7	55	.544	2,174.3	55	.505	2,438.3	60	.492	2,425.4	60	.494
.....	40	.400	.....	50	.497	.....	50	.461	.....	52½	.432	.....	50	.413
1,999.5	50	.500	2,011.3	55	.547	2,166.9	55	.507	2,430.9	60	.493	2,418.0	60	.496
.....	40	.392	.....	50	.487	.....	50	.453	.....	52½	.425	.....	50	.407
2,040.6	50	.490	2,053	55	.536	2,208	55	.498	2,472	60	.485	2,459.1	60	.488
.....	40	.388	.....	50	.482	.....	50	.452	.....	52½	.421	.....	50	.403
2,061.6	50	.485	2,074	55	.530	2,209	55	.497	2,493	60	.481	2,480.1	60	.484

eight Bureau (R. H. Countiss, agent), tariffs (old) I. C. C. No. 564, (new) I. C. C. No. 850.



I have made a statement which shows the prices of typical grades of northern lumber for a period of ten years f. o. b. Minneapolis. These prices were taken from printed lists that were issued each year in January, or the nearest month to January in which a list was issued. I have endeavored to selete those grades which were commonly traded in in the territory which is under discussion.

(The statement was received in evidence and marked "Woodworth Exhibit No. 3." Record page 1822.)

WOODWORTH, EXHIBIT 3.

STATEMENT OF PRICES PER 1,000 FEET FOR TYPICAL GRADES OF NORTHERN PINE LUMBER, F. O. B. MINNEAPOLIS, DURING PERIOD OF ELEVEN YEARS, 1897 TO 1907, INCLUSIVE.

PRICES TAKEN FROM "BROUGHTON'S STANDARD PRICE LIST."

	"C" Flooring 16 ft.	3-8 in. Ceiling "B"	No. 2 D. Siding 16 ft.	No. 2 Common Boards 1x10x16	No. 3 Common Boards 1x10x16	2x10-16	2x4-16	Average
1897 March	$24.00	$20.00	$12.00	$10.50	$ 8.00	$10.00	$10.00	$13.50
1898 August	26.00	19.75	13.50	12.00	10.50	11.00	11.00	14.82
1899 October	28.50	23.00	16.00	14.00	13.00	13.50	13.50	17.36
1900 January	29.50	23.50	16.00	15.00	13.50	13.50	13.50	17.79
1901 May	29.50	23.50	17.00	15.50	14.00	13.50	13.50	18.00
1902 May	38.00	25.00	18.50	17.00	15.00	15.50	15.00	20.57
1903 August	41.00	28.00	18.50	17.00	15.00	15.50	15.00	21.43
1904 January	40.00	28.00	18.50	17.00	15.00	15.50	15.00	21.29
1905 January	40.00	28.00	18.50	17.00	15.00	17.00	15.50	21.57
1906 January	44.00	29.00	23.50	22.00	18.50	21.00	20.00	25.43
1907 March	45.00	30.00	26.50	25.00	22.00	23.50	22.00	27.71

I have made a similar statement of prices for southern pine delivered at so-called 23 cent points in the same period; taking figures which were published in the American Lumberman of September 7, 1907, and using the grades of southern lumber which according to the best information I could obtain corresponded with the grades of northern lumber shown in the other statement.

(The statement was received in evidence and marked "Woodworth Exhibit No. 4." Record page 1823.)

WOODWORTH, EXHIBIT 4.

STATEMENT OF PRICES PER 1,000 FEET FOR TYPICAL GRADES OF SOUTHERN PINE LUMBER DELIVERED AT 23-CENT RATE POINTS DURING PERIOD OF ELEVEN YEARS, 1897 TO 1907, INCLUSIVE.

PRICES TAKEN FROM TABLE PUBLISHED IN "AMERICAN LUMBERMAN" OF SEPTEMBER 7, 1907, PAGE 33.

	E. G. Flooring "A"	3-8 Ceiling "A"	6 in. Drop Siding "A"	No. 1 Common Boards 1x10-16	No. 2 Common Boards 1x10-16	No. 1 Dimension 2x10-16	No. 2 Dimension 2x4-16	Average
1897 February.....	$18.50	$12.75	$14.50	$12.00	$10.50	$11.50	$ 9.50	$12.75
1898 January.....	21.00	15.00	17.00	14.00	12.50	14.00	11.50	15.00
1899 February.....	21.00	15.00	17.00	13.50	12.00	13.00	11.00	14.64
1900 January.....	27.25	20.75	22.75	17.50	16.50	16.75	14.75	19.46
1901 January.....	25.50	18.25	20.00	16.00	15.00	15.00	13.00	17.54
1902 January.....	29.00	21.00	23.50	17.50	15.50	16.00	13.50	19.43
1903 January.....	29.00	20.00	22.50	17.50	15.00	16.50	14.50	19.29
1904 January.....	29.00	20.00	22.50	18.50	16.50	17.00	15.00	19.79
1905 January.....	28.00	20.50	23.50	18.00	16.00	16.50	15.00	19.64
1906 March.....	36.50	26.50	30.50	22.00	20.00	20.50	19.00	25.00
1907 January.....	35.75	25.00	28.50	22.00	20.00	21.00	19.25	24.50

I got from our purchasing agent a statement showing the prices we paid for the principal items of material at Pacific coast points in that same period. The price of ties is stated in cents per tie. 18 cents in 1896 and 50 cents in 1907. The earliest year for which a price per thousand is stated is 1898. It is shown here as $4.80 a thousand, and 20 cents per tie. The price per thousand in 1907 is $11. $4.80 a thousand represents 20 cents per tie. That was in 1898.

(The statement was received in evidence and marked "Woodworth Exhibit No. 5." Record page 1825.)

WOODWORTH EXHIBIT 5.

PRICES PAID BY THE NORTHERN PACIFIC RY. CO. FOR LUMBER, F. O. B., PACIFIC COAST POINTS DURING TWELVE YEARS FROM 1896 TO 1907, INCLUSIVE.

Kind of Lumber.	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907
Car Siding	10.00	10.00	12.00	12.00	11.00	13.00	12.00	15.00	12.00	10.00	15.00	18.00
Car Roofing	8.00	8.00	10.00	11.00	10.00	11.00	10.00	12.00	10.00	8.00	12.00	14.00
*1 V. G. Fir Flooring	.....	*12.00	16.00	17.00	18.00	20.00	.....	23.50	19.00	17.50	22.00	23.00
*1 Drop Siding	.....	.....	14.00	‡14.00	14.00	.....	16.50	16.00	14.50	17.00	19.00	.....
Car Sills 35 ft. and 40 ft. per M. ft. Each	7.00	7.00	10.00	9.00	9.00	9.00	10.50	14.00	10.50	15.00	17.00	20.00
Cross Ties 7x9–8 ft., 7x8–8 ft., per M. ft. Each	.18	.18	.20	.20	.21½	.226	.223	.28	.282	.294	.42	.50 .41
Timbers, 12in.x12 in. to 32 ft	5.00	5.00	6.00	6.50	6.50	6.75	7.00	8.00	6.00	7.50	12.00	12.50
Stringers 9x18–32 ft	.....	.....	7.00	7.00	7.25	7.50	8.50	9.25	7.00	8.50	14.00	14.50
8x16–32 ft.	6.50	6.00	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

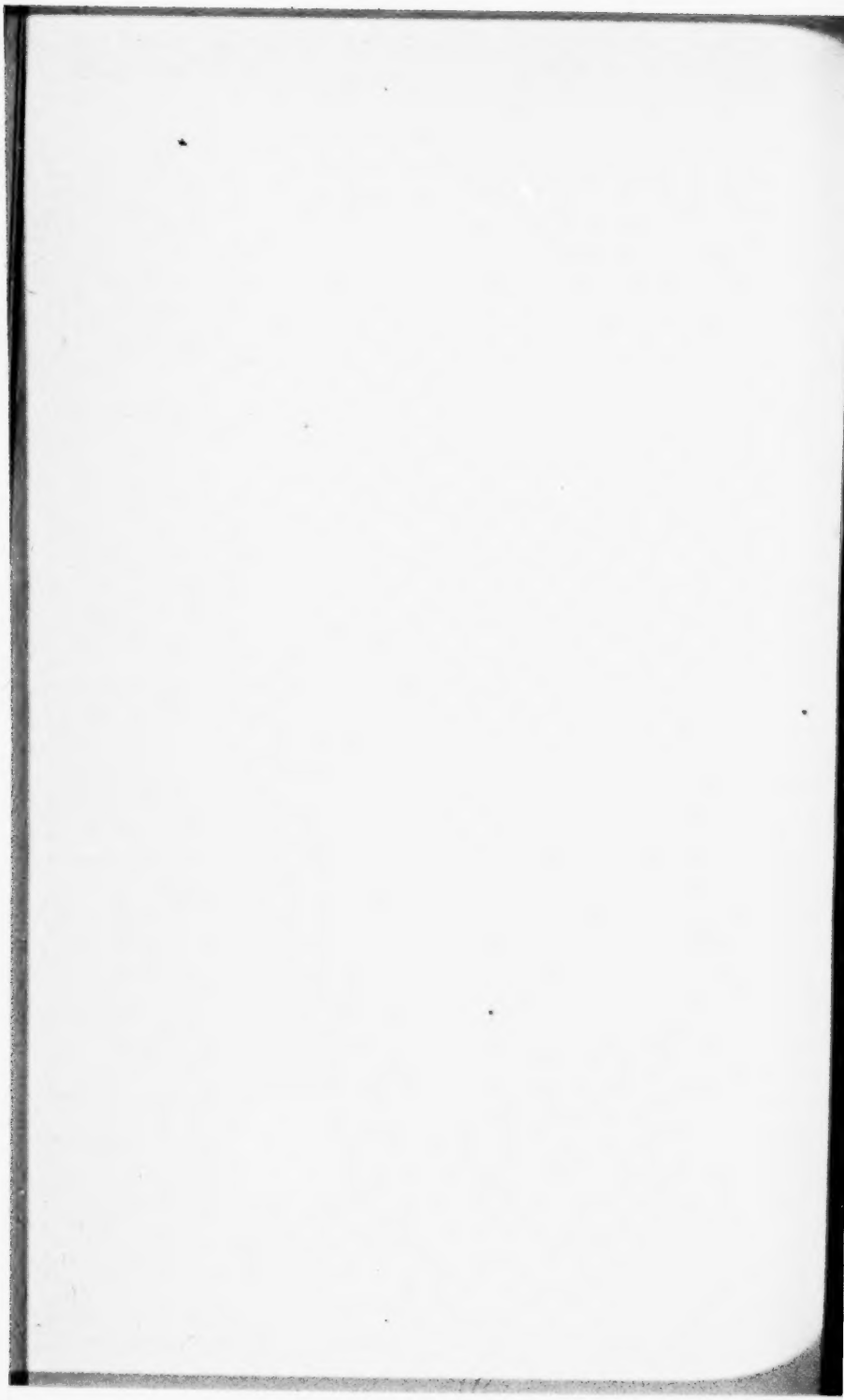
*Rough and Green.

‡No. 2 Drop Siding.

St. Paul, Minn.,
December 3rd, 1907.

I have a statement showing the number of carloads of lumber and shingles shipped in each year from 1897 to 1907 from our stations west of Ellensburg to the various territories. We have also separated the business which comes via Billings, and via Silver Bow, and via Sumach on the Canadian Pacific. The total of lumber and shingles in 1897 was 13,164 cars. In 1906 it was 72,564 cars. Our figures for 1907 will be somewhat less. In 1906 20,554 cars were shingles and 52,010 were lumber. In 1907 the shingles were nearly twice as much as the lumber. We had 8266 cars of shingles and 4890 cars of lumber. The shingle movement in that country came first.

(The statement was received in evidence and marked "Woodworth Exhibit No. 6." Record page 1826.)



WO

CARS OF LUMBER AND SHINGLES SHIPPED VIA NORTHERN

YEAR ENDING JUNE 30	WASHINGTON AND OREGON		IDAHO AND MONTANA		VIA SILV
	Lumber	Shingles	Lumber	Shingles	Lumber
1897	1,747	195	464	121	56
1898	2,902	428	245	103	250
1899	3,854	477	509	147	128
1900	5,502	594	675	217	65
1901	6,005	620	615	187	81
1902	8,242	795	770	207	844
1903	11,453	784	726	155	806
1904	11,070	855	758	234	1,254
1905	11,280	1,030	989	243	1,728
1906	12,214	767	1,577	256	2,639
1907	16,812	1,788	1,809	171	885

Traffic Manager's office, St. Paul, Minn., January 20, 1908.

WOODWORTH, EXHIBIT No. 6, CORRECTED (1907 FIGURES ADDED).

ERN PACIFIC FROM STATIONS IN WASHINGTON AND OREGON WEST OF ELLENSBURG, IN ELEVEN YEARS, 1897 TO 1907, INCLUSIVE.

SILVER BOW		VIA BILLINGS		MINNESOTA, DAK., MANITOBA		EASTERN TERMINAL AND BEYOND		VIA PORTLAND		VIA SUMAS		TOTAL		GRAND TOTAL
er	Shingles	Lumber	Shingles	Lumber	Shingles	Lumber	Shingles	Lumber	Shingles	Lumber	Shingles	Lumber	Shingles	
56	382	573	3,620	807	900	1,251	3,048	.....	.....	.....	.....	4,898	8,266	13,164
50	55	935	4,028	1,201	990	1,821	3,098	178	403	.....	.....	7,532	9,105	16,637
28	209	737	4,458	1,299	1,126	2,418	4,253	231	656	.....	.....	9,176	11,326	20,502
65	290	1,739	5,066	2,408	1,385	3,474	5,251	219	738	.....	.....	14,082	13,541	27,623
81	221	3,178	6,856	1,372	1,011	3,615	4,532	195	667	.....	.....	15,061	14,094	29,155
44	336	5,455	6,324	2,591	1,605	6,206	6,771	89	330	413	112	24,410	16,480	40,890
06	419	6,110	6,822	4,395	1,978	6,372	8,797	39	378	520	279	30,421	19,612	50,033
54	511	7,148	7,695	4,030	1,982	5,226	9,001	239	534	213	127	29,938	20,939	50,877
28	749	7,096	9,540	6,388	2,455	8,137	9,861	462	629	1,210	250	37,290	24,757	62,047
39	955	9,881	7,653	8,545	2,316	13,809	7,924	426	290	1,734	371	50,825	20,532	71,357
85	476	5,706	4,774	7,275	2,384	9,160	4,873	552	331	1,296	467	43,495	15,264	58,759

I would say the lumber shipments in 1907 had decreased between three and four thousand cars. In the calendar year 1906 we loaded 43,541 cars of lumber and 17,247 cars of shingles, while in 1907, up to October 31st, we had loaded of lumber 30,903 cars, and shingles 12,825 cars. That is a decrease of about 600 cars per month. We loaded in this same territory in November about 2400 cars of lumber and shingles. That is, destined to points east of the Cascade Mountains. I made a memorandum of the average weights per car of lumber shipped from points on the Northern Pacific west of Helena to points east of the Montana-North Dakota state line, and have shown separately the various shipping districts on our line, because there is a difference in the average loading weights. The average load, all kinds of cars, from points west of the Cascade mountains, in 1906 was 52,262 pounds. The first nine months of this year it had increased to 57,469 pounds. In August of last year we put into effect our new system of minimum loading, and that is the explanation of this increase. From what we call the Spokane district in 1906 the average weight was 47,403 pounds, and the first nine months of 1907 it was 51,658 pounds.

(The statement was received in evidence and marked "Woodworth Exhibit No. 7." Record page 1829.)

WOODWORTH EXHIBIT 7.

AVERAGE CARLOAD WEIGHTS, WESTERN LUMBER IN ALL CLASSES OF CARS.

	A	B	C	D	Total.
1905	45,826	42,143	44,500	47,881	45,861
1906	52,262	45,436	47,403	47,821	50,403
1907 (9 Mo.)	57,469	52,880	51,658	55,361	56,673

A—West of Cascade Mountains.
B—Cascade Mountains to Columbia River.
C—Columbia River to Arlee and Lothrop, Montana.
D—Arlee and Lothrop to Dakota State Line.

I have the car count statement of the loaded and empty cars passing Trout Creek, Montana, in the past five years, ending June 30th. Trout Creek is a division terminal, the ending of the Rocky Mountain Division, and the ending of the Idaho Division. It is a portion of our line where there is very little local business, and the record of cars passing Trout Creek or any point in that general locality would more truly represent through business, transcontinental business, than any other point we might select. The cars when they go west of there, are loaded to some extent and are liable to be loaded east of there; but if we were hauling cars the length of the line for transcontinental business, the loading of them would be pretty nearly represented by this statement of empty cars passing Trout Creek. The statement shows an excess of empty car movement over loaded car movement ranging from 63 per cent. in 1904 and 1905, to 38 per cent. in the year ending June 30th, 1907; or, to state it differently, in 1905 we handled loaded west 31,148 cars and empty west 53,541 cars, which in 1907 we handled loaded cars, 49,664 and empty cars 29,958. In 1903 the movement was westbound 27,529; west, empty, 41,251. In 1903 loaded eastbound, 66,167; empty 2,601. In 1905, loaded, east, 83,510; empty 999. In 1906, 89,818; empty 851.

The empty movement east should be limited and I assume is limited to what we call operating movement. The movement eastbound of special equipment like refrigerator cars, beef cars, are the cars that make up this movement. Stock cars are very often moved empty in very large numbers in both directions on a railroad, and especially on our railroad. Tank cars would come in that list also; and also poultry cars—any equipment that could not be loaded with ordinary eastbound freight.

The only thing I have to show the empty movement westbound in 1897 is a statement which shows the relation of the eastbound and westbound handled through Montana and Idaho in a period of years, but I think that is truly representative of the relatilon of the business. In 1892 the relative ton mileage in Montana and Idaho, which includes everything which passes over the main line in Montana and Idaho, was east bound 165,000,000. West bound it was 173,000,000. That reversed itself in the next year—east bound showing 252,000,000 and west bound 165,000,000. Coming down to 1906 the east bound was 1,339,000,000 and the west bound was 569,000,000, a little over one-third. So our inference would be that in 1892 the empty car movement was probably east bound but that by 1893 the

empty car movement would have been west bound. It has been west bound continuously since that time.

The lumber from what we call the Spokane district would show up in the east bound report at Trout Creek. That is a considerable movement. A statement based on the empty car haul shown at Ellensburg would make a very different showing. As I explained, as the cars go west they are engaged in the local business. We took this point as being typical of the through transcontinental business. When these empty cars get to Spokane, they are to some extent filled up with traffic and sent along west. The cars passing west from Ellensburg, through Ellensburg, include all the wheat loaded and stuff of that kind, that we load in eastern Washington. This year we expect the wheat crop of eastern Washington handled over our line will be about 25,000,000 bushels. That would be about 25,000 cars. As the statement will show, that is not a continuous business, but at this time we are hauling empties east from Tacoma in order to move the wheat. If we moved the wheat with reasonable promptness that condition would not exist for more than, at the outside, four or five months in the year. We feel it will be necessary for us to move that wheat more promptly in the future than we have done in the past. We took great liberties with that business in the last two or three years, making the farmers wait for their transportation to the extent that the movement was distributed to a great extent throughout the year, and that caused a great deal of complaint. That wheat is to a great extent competitive between our line and the O. R. & N.

(The statement was received in evidence and marked "Woodworth Exhibit No. 8." Record page 1838.)

("Woodworth Exhibit No. 9" was offered and received in evidence and marked accordingly. Record page 1838.)

NORTHERN PACIFIC RAILWAY COMPANY.

STATEMENT SHOWING REVENUE TON-MILEAGE IN MONTANA AND IDAHO.

Fiscal Year Ending June 30th.	Eastbound	Westbound	Predomination			
			Eastbound	%	Westbound	%
1890	119,188,084	269,358,779	.....	.....	150,170,695	126.0
1891	203,735,208	233,559,124	.....	.....	29,823,916	14.6
1892	165,014,935	173,213,291	.....	.....	8,198,356	5.0
1893	252,797,001	165,553,424	87,243,577	52.7	.....	.....
1894	201,047,400	101,192,834	99,854,566	98.7	.....	.....
1895	236,814,691	108,199,831	128,614,860	118.9	.....	.....
1896	250,280,436	117,978,496	132,301,940	112.1	.....	.....
1897	229,782,042	141,046,189	88,735,853	62.9	.....	.....
1898	295,308,577	217,938,932	77,369,645	35.5	.....	.....
1899	331,320,695	240,001,049	91,319,646	38.0	.....	.....
1900	460,288,083	272,793,205	187,494,878	68.7	.....	.....
1901	485,932,055	326,025,017	159,907,038	49.0	.....	.....
1902	668,225,561	334,688,646	333,536,915	99.6	.....	.....
1903	817,355,992	378,720,009	438,635,983	115.8	.....	.....
1904	859,059,885	387,653,261	471,406,624	121.6	.....	.....
1905	1,176,383,063	459,434,147	716,948,916	156.0	.....	.....
1906	1,339,741,529	569,817,972	769,923,557	135.1	.....	.....
1907	1,214,874,855	794,396,012	420,478,843	52.9	.....	.....
	9,307,150,092	5,291,570,218	4,203,772,841	.....	188,192,967	.....

St. Paul, Minn.
Nov. 6th, 1907.

Speaking for the entire period from 1893 to date, Asiatic business has not had any great influence, on the eastbound tonnage because it is such a small part of the total tonnage anyway. With the exception of a very few years and very small amounts, it has always shown an excess of west bound over east bound. In the year 1905, and that was the time of the Japan-Russian War, we show the highest excess of west bound over east bound, which was 57,000 tons. That would have taken probably about 2500 cars.

I have a statement here showing that business, in each direction since 1893.

(The statement was marked "Woodworth Exhibit No. 10." Record page 1839.)

WOODWORTH EXHIBIT 10.

ASIATIC TONNAGE YEARS ENDING JUNE 30TH, 1893 TO 1906 INCLUSIVE, IN TONS.

	Eastbound.	Westbound.
1893	11,574	.....
1894	12,942	.....
1895	20,175	3,021
1896	31,657	4,426
1897	30,604	16,329
1898	11,789	20,879
1899	14,793	17,799
1900	16,576	20,615
1901	16,039	15,568
1902	15,466	27,739
1903	13,529	19,255
1904	28,563	27,538
1905	11,132	68,245
1906	14,766	53,481
June 30, 1906 to date	20,692	46,361
Total	270,297	341,256

Office of Traffic Manager, Northern Pacific Railway Company, St. Paul, Minnesota, December 10th, 1907.

The greatest amount of east bound in any of these years was 31,000 tons. I have a memorandum taken from our general freight department records which shows that in the twelve months ending April 30th, 1907, we handled 46,601,180 pounds of canned salmon. That would be something less than two per cent. of the tonnage of lumber which we handled to points east of the Cascade mountains in the same period. That was a large pack of salmon that year.

The Yellow Pine Association publishes each month a statement showing the number of cars shipped from each southern state to each northern state, and taking their reports for the first nine months of 1907, they show a total of 419 cars to Minnesota, from mills which shipped a total of 178,855 cars in that period.

Cross-Examination.

I have been engaged in the railroad business a long time. I was with a grain and elevator firm, the F. H. Peevy & Company, for one year. I have worked for the Union Pacific and the O. R. & N. for over twelve years. At the time I left them in 1899 I was reasonably familiar with their roads, the physical conditions. I have never been over the line since then.

I think the Union Pacific line reaches a higher elevation than the Northern Pacific line. I do not think they have as many short lifts as we have.

The empty car movement was constantly increasing until this last year when it showed a very marked decrease. I think we show some decrease on the whole empty car movement, for the reason we have made every effort to cut out empty car mileage in connection with other business, and have gone further, I think, in delaying traffic and in inconveniencing shipments than we should have done in our efforts to do that. I have heard that we show a less empty movement in 1907 than the O. R. & N., the Union Pacific, the Great Northern or the Southern Pacific. This year our eastern lumber movement has fallen off, because we could not handle it.

Our rates from the coast to the east side of Washington is about ten to fourteen cents a hundred, or about that. In 1906 out of a total movement of 52,010 cars of lumber there were 12,804 cars to points in Washington and Oregon. I do not know how many of those went east of the Cascade mountains. That item includes everything we moved on short haul west of the Cascade Mountains, including some business to tidewater

points, handled at very low rates. There were about 12,894 cars in 1906 moved locally, either on the west or east side, in Washington. The rate from the coast is 35 cents to Montana common points. There is no lumber shipped east of Spokane to amount to anything.

Mr. Teal (page 1847): I say from Washington and Oregon the report you have filed shows in round numbers three and one-half million tons of lumber carried.

Mr. Woodworth: Yes.

Mr. Teal: And the revenue you derived was $9,923,000. As I figure that, that is a little less than $3 a ton. Now on your lumber, eliminating Washington, there were 40,000 carloads went east of Idaho points. In Washington you got some revenue, varying according to the sheet I have before me from 6½ cents to 14 cents per hundred pounds, and I cannot understand how any such revenue as that could be derived from that movement on your rates.

Mr. Woodworth: Can you give me those figures that Mr. Johnson filed?

Mr. Teal: I would like to have your ideas of the traffic.

Mr. Woodworth: I want to see those figures and get a good look at them before I answer.

Mr. Teal: Would you have thought that that would have been the result?

Mr. Woodworth: That does not seem strange to me in view of the fact that out of this total of three and one-half million only one and three-quarter million—if you have a statement that shows the number of tons covered by this tariff—

Mr. Teal: You have no rate west of that Idaho line that is under 35 cents a hundred? * * *

Mr. Teal: If this statement produced here shows that to be the fact that you did not receive on your lumber but 15 cents a hundred, these statements are correct, are they?

Mr. Woodworth: I do not say that.

Mr. Teal: I mean the statement that Mr. Johnson filed: if he shows in his statements that your average return on your lumber is 15 cents a hundred, they are correct, are they?

Mr. Woodworth: I do not know whether they are or not.

The Witness (continuing): I believe the statements are correct. I think if you make the deduction of the long haul business covered by this tariff that you will find on the remainder we earned 4 cents or 5 cents or 6 cents a hundred, which would be fairly representative of what we earned on

the lumber in Washington. We hauled a lot of business there at a low rate to tide water west of the mountains. I have not examined the statement, but I think it includes logs, on which the rates are very low.

Mr. Teal: And then if the log rates are in here you would not say that it is fairly representative of the income received from the haul of lumber, would you?

Mr. Woodworth: No, but we have stated that separately, so that nobody can be misled by it.

The Witness (continuing): During the time I have been with the Northern Pacific Railway Company its business has increased constantly, and the net has up to June 30, 1907, and the amount carried in each car has constantly increased; and the train haul, the number of cars in each train has constantly increased. Not withstanding the troubles out west we showed an increase in earnings last year over the year before. I think it is so that the chief difficulty on the Northern Pacific has been the increase of the traffic faster than the facilities we had to handle it. In other words, the railroad has not been able to keep up with the business offering. Our road has shown a very great density of traffic. Our road with the Great Northern is now building a road down the north bank of the Columbia river, one of the purposes being to relieve the congestion, and we have improved it all along and are improving it for that purpose. And when that is all done, many of these difficulties that we have now will naturally be removed.

One of the purposes of building the North Bank road was to relieve the overflow of the Northern Pacific business. Ordinarily, increased business in traffic leads to lowering rather than raising of rates. In our present situation I would not say it was true.

One of the causes of the increased cost of operating our road has been the congestion of traffic. I saw a letter written by Mr. Hannaford in connection with these advances in lumber rates, about the time the letter was written. There has been a good deal of discussion about these lumber rates between myself and Mr. Hannaford.

The lumber business is a very large business in the State of Washington, and is responsible for a large part of our westbound movement, and a very large part of our local movement, both passenger and freight in western Washington, so that if this advance did produce a result to close down that

industry materially, it would produce very serious results all along our line.

Under ordinary conditions I would not think that it would be far from right to say that the handling of less than carload freight is two and a half times the cost of handling carload freight. I do not pay much attention to that because our less than carload business is only about seven per cent. of our total. The less than carload rates are very much higher than the carload rates, and have to be. Our merchandise cars that come out from the eastern terminals are the best paying cars that we have.

On our road we haul our company freight free. In handling the lumber ordinarily on our road it is loaded at the mills and sidings and unloaded by the man that receives it into his yard, or where it is a small business it would be on the track, unless we are unable to get cars from the connecting lines. Ordinarily speaking it is not handled through the terminals. We have to transfer a good deal that goes beyond our own lines.

The change in this rate has been under discussion for a good many years. I do not think there has been a time in the last ten years when it was not in the minds of the men who were responsible for making rates on these different roads. I think it would be pretty hard to tell who made the first suggestion of the advance. I talked with the officials of other roads about it at various times. I talked with the Great Northern people, with the Union Pacific people and the O. R. & N. people and the Burlington people. I talked with the representatives of the Southern Railroad about their lumber. I think it was mostly personal conference.

"Q. What is the Trans-continental Freight Bureau?"

"A. The lines interested in the so-called Trans-continental business joined in paying the salary and expenses of Mr. Countiss and his assistants. He maintains an office in Chicago and publishes our tariffs covering all this Pacific Coast business, and latterly we have, for the sake of convenience—ourselves and the shippers—called upon him to publish these lumber tariffs. It is not a freight association. We have meetings in Mr. Countiss' office when these tariffs are prepared, what we call rate checks. We have those meetings frequently. Those tariffs were not published as the result of a joint agreement or understanding on the part of the officials of each of these railroads, that they would put into effect these rates

between the same points on the same day. The way it happened that they were published through a joint agency, applying to the same points, and going into effect on the same day—was because we asked the Union Pacific to make their change of rate effective on the same day, in order that the shippers at our points would not have raised before the rates on the Union Pacific were raised. To that extent there was an understanding that that would be done. The Great Northern instructed Mr. Countiss to publish its tariffs and make the rates effective on the same day as ours. I do not think there was any understanding with them. They knew we were going to advance our rates. It would be very natural that they should put their rates into effect on the same day for the reasons that I stated. Each railroad has shippers located on its line, and it is not only important that they have proper rates, but that the rates bear proper relation to the rates of their competitors. If we should go ahead and raise our rates on lumber and the rates on the Great Northern remained the same, it would put us out of business for the time being.

Mr. Wimbish: Why did you make a higher rate to Omaha and the Missouri river territory than to St. Paul and the Minnesota territory?

Mr. Woodworth: We do not think we make as much money on the higher rate to Missouri river as we do on the lower rate to St. Paul, because we get practically a mileage pro rate via Billings, and we haul the lumber over the most difficult portions of our line, and the Burlington road has never been disposed to join in any lower rates we have made from time to time to the Missouri river. The Burlington handles this business just as it always has according to its own ideas of what is proper and right as to its rates.

The rate per ton per mile on the Oriental business going east from terminal to terminal is very low. I think generally it is pretty nearly the same per ton per mile as the lumber rate. I think it would figure higher per ton mile and probably lower per car revenue.

The Oriental business was undertaken with the idea that we could create an outbound business which would exceed the inbound, and thus load those empty cars; and, for many years, as this statement shows, we succeeded in that, but the results latterly have been very disappointing, the outbound business has been secured under very great difficulties, and is decreas-

ing. Last year I think we had a very comfortable excess of westbound movement.

On this Asiatic business, you should consider the final result, and if we carry more westbound than we carry eastbound, and are able to thus load cars which would otherwise go empty, the immediate result is in favor of the business. Then, beyond that, suppose, for illustration, that we should have more eastbound business than we had westbound, it might yet be a justifiable thing for us, because of its relation to the operation of these trans-Pacific steamship lines which are very important to our business, for the development of the markets out there. They carry the flour and other products of the country to the Orient, and we would feel that we were justified in making a reasonable sacrifice in order to maintain those markets.

The Oriental business comes through our terminals, has to be unloaded from the ship and loaded on the cars, and sometimes needs storage facilities. We take the freight from the warehouse and put it aboard the car; the ship deposits the cargo in the warehouse. I think the average value of that business per car is greater than lumber.

Generally speaking, canned salmon pays more revenue per car from Puget Sound to St. Paul than lumber pays. If it goes to the Atlantic Seaboard I think it might in some cases pay less than lumber. In those cases where it pays less than lumber, as far as the immediate transaction is concerned, I think we are hauling at a loss. What I mean by the immediate transaction is this: that if we go to Portland, Tacoma and Seattle and engage in the transportation business and undertake to meet competition, we have got to handle all kinds of business and consider the average result rather than the result on particular commodities. The salmon industry is very important. If we did not take care of their business going to the seaboard we would not be able to take care of their business going to various other points where it does pay us a good rate, and we engage in it on the wholesale basis, you might say. We apply the law of averaging to that.

Our eastbound business from points west of the Cascade Mountains is very small; canned salmon is the largest item. Outside of that I cannot think of anything except the smelter products from Everett and Tacoma, that we handle, that is of very much consequence. Of course that is profitable, that loads up pretty heavy per car.

If we shut off the lumber business, I do not think we will have more empties going east than west. On salmon to St. Paul, for local consumption, we have what is termed a blanket rate. I think it is 75 cents to all points, St. Paul and the east. Salmon takes the canned goods rate of 75 cents from Denver to Chicago and the Seaboard. Not only salmon but all articles of canned goods takes the blanket rate to Chicago, New York, Boston and all points east.

The floods that occurred on the Northern Pacific last year do not occur every year, but they occur frequently. There is more or less of that trouble every year.

I am familiar with the operations of the O. R. & N. Railroad.

(It is conceded by the complainants that there are frequent floods on that river.)

When I returned to the O. R. & N. Railroad in 1894, it was completely washed out for a good portion of the distance between Portland and Umatilla, and the estimate which had been made as to the cost of repairing it was so high that the road was forced into a receivership.. That is, the receivership of Mr. McNeil as against the receivership of Clark and others. It caused a default on the interest on the bonds, and they appointed Mr. McNeil as receiver.

From Portland to Umatilla, the distance is 189 miles. A large part of it is along the Columbia river. When I say washed out, I mean the water was many feet above the track. It destroyed the embankment and carried away a great many bridges, and did a great deal of damage. That was due to the rise in the Columbia river.

The flour business is increasing in volume at Portland, Tacoma and Seattle very rapidly. It is practically changing the cargo wheat business; in place of exporting wheat to Liverpool and other foreign ports the businses is now going out in the form of flour from mills located in Portland, Tacoma and Seattle. In recent years very little wheat has been exported. A great part of the flour goes to the Orient by these steamship lines. The Great Northern Railway Company operates one line, the O. R. & N. Line I think operates a trans-Pacific steamship. The Northern Pacific does not. We work a connection with independent lines who are attracted to Puget Sound by this traffic contract under which they are permitted to handle through business.

The first line that was undertaken to be started from the

northwest was from Portland. Most of the contracts, I think all of the contracts, give the steamship lines the rate-making power on inbound business, subject to certain provisions as to the minimums. They are obliged to have that because all the business which they contract for is in direct competition with the Suez Steamship Line. The Pacific Coast consumed comparatively very little Asiatic goods. I do not think any one of these lines, or any two steamers, could be maintained to operate regularly throughout the year. I do not think that steamers could be maintained for handling the Asiatic business which the North Pacific Coast would consume. Of course you might say that if they did not have these other sources of revenue they might get a higher rate on flour and thus make flour pay the expense of the round trip voyage, but that would be to the great disadvantage of the man who sells the flour. So that these eastbound rates on Oriental business are practically forced rates. The same thing is true of the westbound rates. Generally speaking, the general rate adjustment on transcontinental merchandise from St. Paul to the Pacific Coast is equal between the Union Pacific and the Northern lines. The Union Pacific makes the same rate as we do from St. Paul. The same is true of eastbound business other than lumber. That has always been true. The Union Pacific, however, have never met the lumber rate to St. Paul. From 1893 to date there has never been a period in which the O. R. & N. made a forty-cent rate to Omaha. It made, I think, a rate of forty-five cents during the McNeil receivership. At that time I think everybody was very hard up for business and the earnings of the O. R. & N. were very small.

In July, 1904, receivers' certificates were authorized. I think they were not issued. Everybody trusted the O. R. & N. for several months. The 45-cent rate was afterwards raised to 50 cents. It was in effect three or four years.

It has never been possible, so long as we maintained the 40-cent rate to St. Paul, for the Union Pacific to get anything higher than a 50-cent rate to Chicago and do the business at all, because the Chicago rate and the rate to all of this territory east of the Missouri river makes on our forty-cent rate to St. Paul; and the 50-cent rate to Chicago, which the Union Pacific has maintained, has been a rate forced on it as the result of our 40-cent rate to St. Paul. Of the 50-cent rate to Chicago, we get our local to St. Paul. The other lines take the ten cents. That has been their local rate gen-

erally, and that is influenced, I might say, by the lake transportation conditions. The lumber originates in the northern part of the state contiguous to Duluth and is largely shipped via Duluth to Chicago. Our rate is 40 cents to Duluth. That lumber goes from Duluth and contiguous points by lake shipments to Chicago. No lumber from the coast goes that way.

Of the proposed advance in rates none goes to the roads east of St. Paul.

A. G. MAGUIRE (Record page 1906) testified as follows:

I am assistant general freight agent of the Great Northern Railway. I have caused to be prepared a statement showing the loaded and empty car movement on the Great Northern between Havre and Seattle. The statement is prepared from 1893 to 1907, inclusive, for the fiscal years ending June 30th, each year; shows the loads and empties, separately, the westbound and the eastbound, and the number of miles moved for each class.

We reduced the mileages down to a unit to ascertain an equivalent movement of the entire distance for one day per annum. On that basis for 1903 the loads westbound were 11.7 daily. The eastbound were 7.5. The empties westbound were 1.9. The eastbound empties were 6.1.

In 1907 the loads westbound were 87.2. The eastbound loads were 99.6. The westbound empties were 26.3; and the eastbound empties were 6.5. The figures for the westbound loads for 1907 aggregate 27,746,618 miles. That is, one car moved that distance. We have simply reduced that by the mileage and by the number of days in the year.

I have prepared a statement showing the loaded and empty car movements through the Cascade tunnel. It was prepared from the daily working reports in the office of the superintendent of transportation for the six months ending October 31, 1907. That shows the average per day of loads westbound, 91; empties westbound, 48. Loads eastbound, 128; empties eastbound, 3.

(The statement referred to was received in evidence and marked "Maguire Exhibit No. 1.") (Rec. P. 1908.)

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I have prepared a statement showing the movement of Asiatic tonnage over the Great Northern. This shows, briefly, that during 1896, the first year we handled any Asiatic tonnage, our exports overland amounted to 2,703 tons. The imports overland amounted to 1,296 tons. For 1905, the largest year, on account of the war, our exports amounted to 113,238 tons, and our imports to 16,973 tons. The average for the eleven years was, I have just figured up by pencil here a little while ago. It makes the exports about 33,000 tons and the imports about 12,500 tons. For last year, 1906, which was smaller, the exports were 54,978. The imports were 30,722 tons. The average of the earnings per hundred weight on the export business for all these years were 29.5 cents; on the imports, 64 cents.

(Statement referred to marked "Maguire Exhibit No. 2, and received in evidence.) (Rec., p. 1909.)

The statement of Mr. Woodworth in his testimony is substantially accurate as applied to the Great Northern, as regards the conditions. The tonnage, of course, is different.

I have prepared a statement showing the comparative earnings of a car engaged in hauling lumber with a car engaged in hauling other commodities. We picked out commodities which were handled in about the same manner as the lumber and shingles, that is, transcontinental freight, and eastbound we used copper, salmon, silk, matting, lumber and shingles. That is practically all the large commodities. The silk and the matting represent the lowest class Asiatic and the highest class Asiatic. On the westbound movement we used various commodities which move in volume on the coast, such as radiators, fruit jars, canned goods, machinery, furniture, stoves, butter and eggs, steel rails, pianos, iron and steel pipes, and packing house products. We used two copper shipments here, one from Crofton, on British Columbia Island, where our earnings per car were $412.28, for all the cars we moved from January 1st to September 30th. Salmon, from all points, all the salmon during the month of September, averaged $274.78 per car.

All the copper from Grand Forks, British Columbia, from April 1st to September 30th, 1907, averaged $405.87 per car. All the silk from September 1st to September 30th, averaged $767.39 per car. 100 cars of matting—that is, just as they came to us, without cutting out any—averaged $150.43 per car.

The western lumber from Montana and the west, which arrived at the Minnesota Transfer during August, 1907, averaged $194.67 per car. The shingles during the same period, at the same point, averaged $176.33 per car.

The through rate on matting per 100 pounds is $1.25 in carloads, and $1.50 in less than carloads. That is the through rate from Asiatic ports of call to overland common points. On a shipment to St. Paul on a carload rate, we would get 62½ cents. On a shipment to the Atlantic seaboard we would get a little less.

(Statement offered in evidence and marked "Maguire Exhibit No. 3.") (Record p. 1913.)

We have had a statement prepared by the accounting department showing the increase in lumber shipments on the Great Northern Railway as shown by earnings. This shows the Great Northern Railway earnings on all lumber and shingles originating at points Leavenworth, Washington, and west; also from stations Lowell to Leavenworth, inclusive, separately, for the fiscal years 1896 to 1907, inclusive.

During 1906 the lumber earnings were $134,508.54. During 1907 the lumber earnings were $1,208,618.29. Shingles increased from $610,722.29 to $1,848,563.04.

(Statement received in evidence and marked "Maguire Exhibit No. 4.") (Record page 1914.)

MAGUIRE, EXHIBIT 4.

STATEMENT SHOWING GREAT NORTHERN RAILWAY EARNINGS ON LUMBER AND SHINGLES FROM 1896 TO 1907 (FISCAL YEARS ENDING JUNE 30), COVERING EAST-BOUND SHIPMENTS ORIGINATING AT POINTS LEAVENWORTH, WASH., AND WEST.

COAST LINE, INCL. EVERETT.

Years	Lumber	Shingles	Years	Total Lumber	Total Shingles
1896	$134,508.54	$610,722.29	1896	$138,710.33	$714,068.65
1897	126,045.82	642,072.41	1897	129,567.24	738,511.21
1898	166,876.12	802,632.83	1898	178,441.78	946,373.59
1899	136,860.42	777,220.63	1899	153,750.13	951,022.88
1900	360,320.26	968,679.68	1900	457,917.75	1,214,437.58
1901	201,619.13	1,155,199.52	1901	274,048.03	1,463,775.72
1902	381,505.30	1,557,578.28	1902	505,769.76	1,885,055.60
1903	432,619.65	1,843,609.81	1903	625,140.12	2,144,590.68
1904	368,074.61	1,811,388.30	1904	571,875.81	2,068,952.44
1905	503,168.91	1,984,800.94	1905	717,526.74	2,203,275.88
1906	1,162,797.58	2,047,684.81	1906	1,593,191.81	2,272,273.65
1907	1,208,618.29	1,848,563.04	1907	1,737,523.12	2,060,119.65

LOWELL TO LEAVENWORTH, INCL.

Years	Lumber	Shingles
1896	$4,201.79	$103,346.36
1897	3,521.42	96,438.80
1898	11,565.66	143,740.76
1899	16,889.71	173,802.25
1900	97,597.49	245,757.90
1901	72,428.90	308,576.20
1902	124,264.46	337,477.32
1903	192,520.47	300,980.87
1904	203,801.20	257,564.14
1905	214,357.83	218,474.94
1906	430,394.23	224,588.84
1907	528,904.83	211,556.61

RECAPITULATION.

Years	Total Lumber and Shingles	Per Cent. Increase above 1896
1896	$852,778.98	
1897	868,078.45	1.7%
1898	1,124,815.37	31.9%
1899	1,104,773.01	29.5%
1900	1,672,355.33	96.1%
1901	1,737,823.75	103.7%
1902	2,400,725.36	181.5%
1903	2,769,730.80	224.7%
1904	2,640,828.25	209.7%
1905	2,920,802.62	242.5%
1906	3,865,465.46	353.2%
1907	3,797,642.77	345.3%

(Statement marked "Maguire Exhibit No. 5," received in evidence) (Record p. 1914), showing increase in wages on the Great Northern.

Cross-Examination.

When I say we prepared these statements, I mean they were prepared in my office under my personal supervision. I prepared a good many of them myself personally.

The Great Northern does not haul as much lumber from the Coast as the Northern Pacific. During the last winter we had a frightful congestion; I don't know whether it was worse than the Northern Pacific or not. I think we took several train loads of lumber from the Northern Pacific and hauled them across to the Transfer for them when they were so congested, and when our lines could possibly handle them. In making our figures showing earnings from lumber, the first column, the coast line, including Everett, covers eastbound shipments originating Leavenworth and west. Leavenworth is just this side of the tunnel, and those are the Great Northern earnings on that lumber from the records which are kept up from year to year.

We have very often suffered from a car shortage to supply cars for this lumber. Our export Oriental trade has always been much greater than our import trade.

The cars carried west with export business in 1906 were 54,000, in round numbers; whereas our eastern or import business was only 30,000. That made a difference of 20,000 tons. It gave us that car capacity to help with other eastbound products. I think our Pacific Coast lumber will run a little higher in weight than the Montana lumber. I do not believe it would run as much as $30 a car more. I think it would run something over 50,000 pounds. The average of our Oriental trade, take for instance matting; pays us $150 a car; that is the average for that 100 cars. That comes over the whole line; from the coast to the Transfer. We take the matting at the ship's tackle. The cars are placed right there. From the tackle to the cars, the transfer is at our expense. I should say, offhand, that a car of matting is worth about $2,000. I would say that fairly represented the value of this movement from which we receive $150 a car.

We pay every few days for burning up a car of lumber. It is exposed to the danger of an ordinary derailment and from transferring. We approve a good many claims for that sort of thing when the car was derailed and smashed and not burned.

The oriental statement shows that the average revenue is 64 cents a hundred pounds for 11 years on the oriental trade. In 1906 it was 71.98 cents per hundred pounds.

I had nothing to do with the making of this advance in rate.

Coming to copper, the Great Northern earnings per car is $412. Copper is worth 12 to 25 cents per pound. It has undoubtedly a very much higher value. Our movement of copper is nothing like as much as the movement of lumber. The rates on copper are based on the released valuation of $100.00 per ton, and about 35 tons to the car, from Crofton, and 40½ tons per car from Grand Forks, according to this statement.

In the Asiatic trade we make a through rate to the Orient. We have to divide the through rate from St. Paul to Japan with the steamship lines, the same as we would divide it with another railroad. We just get our divisions and that is all that concerns us.

The lumber we took from the Northern Pacific was taken east from the tunnel.

There was then read in evidence the following portion of the complaint brought by the Atlas Lumber Company against the Northern Pacific Railway Company, and verified October 28, 1907, reading as follows:

"For the sixty days last past your orator has in the usual course of business, as aforesaid, received orders from its customers at different points within and along the line of the said Northern Pacific Railway within the states aforesaid for large amounts of lumber and other timber products, to-wit: the capacity of more than one hundred cars per month, and during all of said time your orator has had the lumber and other timber products at its said mill at McMurray ready to fill said orders as received, and has been at all times, ready, able and willing to fill said orders."

C. F. WHITE, witness for the defendants, was examined (Record page 1951):

I have been a member of the Shingle Mills Bureau from the time it was incorporated. It is an association of shingle manufacturers of the western part of the State of Washington. We meet for various purposes, sometimes for one purpose and sometimes for another. As the result of meetings which we hold we have periodically resolved in the last several years to shut down from time to time in order to curtail production, no one being bound by the recommendations, but as a general notion that it is a wise thing to shut down. You

might say that that is the rule all over the land as to the manufacture of shingles. I have been a manufacturer of shingles almost since I was a boy, and never during that time have I run my shingle mill in the winter, excepting a portion of the time since I have been in the State of Washington.

In 1907 the shingle manufacturers of Washington had a meeting. I don't know what was done as to the question of a shut down, because I did not go up to the meeting, although it was in my office building—I did not go up excepting about five minutes before it closed. I think at that time the question that was staring them in the face was the question of this advance in rates. Some resolved to shut down and some did not. There are between 400 and 500 shingle mills in the State of Washington, and some of those men belong to the association or to the bureau, and some do not. Just what was done on the question of the shut down at that time, I don't know. I shut down one of our mills about three weeks ago, and I shut down two of them about five or six weeks ago. It is true that many millions of shingles have been shipped to California and from there sent by rail to interior points. I do not think a great deal of territory has been reached by such routings. The shipments that have been made to San Francisco have been reshipped from San Francisco to Texas points and to Missouri River points, that is, down in some portions of Kansas, Oklahoma, and down in through there, were shipped from our state for the reason that we could not get cars to ship them by rail to the east, and we could ship to San Francisco and the Southern Pacific would furnish cars there to load them and ship them south or east. I do not think it opened up any new territory to speak of. At certain seasons of the year there was quite a movement of shingles that way. The shingles had to pay the rate from Puget Sound down to San Francisco. It was a question of demand in the east, by reason of the fact that we could not get cars to ship our shingles east, and where a very small proportion of the shingles were going east, the prices were higher, and they would stand almost any kind of a rate east. I would not say as to where the shingles were shipped.

Taking our own situation, we have orders that we took for lumber 12 months ago, orders that were taken in 1906, that we have not shipped, for the reason we could not get the cars to ship those orders. We could ship shingles and have shipped some shingles in the meantime, for the reason that we have not taken an order for a car of shingles until we had the car

loaded, because if we took an order for a car of shingles we did not know when it was possible to ship them, and they might be 25 per cent. higher or 25 per cent. lower at the date of shipment, and for that reason we only sold shingles after we had them on the cars loaded east. As a matter of fact, taking our own business, we shipped less shingles during the year 1906 than in previous years of the shingle trade. I do not know what the general movement was.

My judgment would be, speaking from my best judgment and belief, that shingle shipments have been much less this year than usual. Shingles dropped, I think, about one dollar a thousand within the last six or eight weeks. We sold some shingles as high as $3.00, Star A stars. They have now dropped to $2.00, and I think some shingles have sold as low as $1.60, but I do not know positively as to that.

R. B. MILLER, called as a witness on behalf of the defendants (Record page 1964).

I am General Freight Agent of the O. R. & N., and the Southern Pacific lines in Oregon. I have been connected with the Traffic Department of the O. R. & N. Railroad about 20 years, and with the Southern Pacific lines in Oregon about four or five years. I have made some effort to ascertain the average prices made by the Portland mills to jobbers for wholesale and retail delivery, of the prices of logs at the mill. I have a table showing those facts, as I have ascertained them and checked them up from the various jobbers from the year 1893 down to date, showing the price of stumpage as I understood it.

(Statement offered in evidence, being as follows):

MILLER EXHIBIT 1.

Following is a statement showing average price of lumber and logs at Portland and the price for stumpage:

AVERAGE PRICES MADE BY PORTLAND MILLS TO JOBBERS AND FOR WHOLESALE AND RETAIL DELIVERY.

Year	Common	No. 1	No. 2	No. 3
1893	$7.00	$18.00	$13.00	$9.00
1894	6.00	16.00	12.00	8.00
1895	6.00	15.00	10.00	7.00
1896	6.00	16.00	11.00	8.00
1904	7.50	22.00	18.00	14.00
1905	9.00	24.00	20.00	16.00
1906	15.00	30.00	25.00	20.00
1907	13.00	28.00	23.00	18.00

Year	Price of Logs at Mill	Stumpage
1893	$4.25	15c. to 50c.
1894	$3.50 to $4.50	15c. to 50c.
1895	4.00 to 5.00	15c. to 50c.
1896	4.00 to 5.00	15c. to 50c.
1904	5.00 to 7.00	15c. to 50c.
1905	5.50 to 7.50	15c. to 50c.
1906	9.50 to 12.50	75c. to $2.25
1907	7.50 to 10.50	.....

I have also prepared a table showing the old rates from Portland to various places, and the rates per ton per mile, the new rate, and the advance.

The statement being as follows:

MILLER EXHIBIT 2.

LUMBER.

Portland to	Mileage	OLD RATE	
		Rate in Cents per 100 Lbs.	Rate per Ton per Mile
Denver	1,390	40	.0057
Omaha	1,799	50	.0055
Kansas City	2,030	50	.0049
Chicago	2,289	50	.0043
St. Louis	2,307	52.5	.0045
Coburg, Ore., to			
Denver	1,505	40	.0053
Omaha	1,914	50	.0052
Kansas City	2,145	50	.0046
Chicago	2,404	50	.0041
St. Louis	2,422	52.5	.0043
Baker City, Ore., to			
Denver	1,033	35	.0068
Omaha	1,442	40	.0055
Kansas City	1,673	45	.0054
Chicago	1,932	50	.0052
St. Louis	1,950	49.5	.0051

SHINGLES.

Portland to			
Denver	1,390	50	.0072
Omaha	1,799	60	.0067
Kansas City	2,030	60	.0059
Chicago	2,289	63	.0055
St. Louis	2,307	62.5	.0054

Portland to	Mileage	NEW RATE		ADVANCE	
		Rate in cts. per 100 lbs.	Rate per ton per mile	Rate in cts. per 100 lbs.	Rate per ton per mile
Denver		50	.0072	10	.0015
Omaha		55	.0061	5	.0006
Kansas City		55	.0054	5	.0005
Chicago		60	.0052	10	.0009
St. Louis		60	.0052	7.5	.0007
Coburg, Ore., to					
Denver		50	.0066	10	.0013
Omaha		55	.0057	5	.0005
Kansas City		55	.0051	5	.0005
Chicago		60	.0049	10	.0008
St. Louis		60	.0049	7.5	.0006
Baker City, Ore., to					
Denver		40	.0077	5	.0009
Omaha		43	.0059	3	.0004
Kansas City		43	.0053	*2	*.0001
Chicago		53	.0055	3	.0003
St. Louis		52.5	.0054	3	.0003

SHINGLES.

Portland to					
Denver		60	.0086	10	.0014
Omaha		65	.0072	5	.0005
Kansas City		65	.0064	7	.0006
Chicago		70	.0061	7	.0006
St. Louis		70	.0061	7.5	.0007

*Reduction.

NOTE.—Coburg is a point on Southern Pacific Company 115 miles south of Portland and takes Portland rates on shipments to Colorado and East.

I have also prepared a table showing rates on various places in the United States on lumber, the rates per hundred pounds, the rate in cents per mile, and the average rates per ton per mile of the roads making the tariff.

The statement offered in evidence and marked "Miller Exhibit No. 3." (Record page 1974.)